YOUR BANKERS' POSITION . . . AT A GLANCE

HENRY WARREN

LONDON
JORDAN & SONS, LIMITED
120 CHANCERY LANE

YOUR BANKERS' POSITION

AT A GLANCE

BY

HENRY WARREN

AUTHOR OF "HOW TO DEAL WITH YOUR BANKER"
AND "BANKS AND THEIR CUSTOMERS"

LONDON
JORDAN & SONS, LIMITED
120 CHANCERY LANE, AND BELL YARD, TEMPLE BAR

1901

PRINTED BY
JORDAN & SONS, LIMITED, 116 AND 120 CHANCERY LANE,
LONDON, W.C.

CONTENTS.

CHAPTER I.

PAGE

How to Test a Bank's Position - - - - - - 1

CHAPTER II.

Dividend-paying Capacity - - - - - - - - 12

CHAPTER III.

Advances, Uncalled Capital, Liabilities to the Public, and Acceptances - - - - - - - - - - 20

CHAPTER IV.

When to Sell and When to Buy - - - - - - 26
Deposits - - - - - - - - - - - 27

CHAPTER V.

Illustrations of Good and Bad Policy - - - - - 37

CHAPTER VI.

ENGLISH AND WELSH JOINT STOCK BANKS.

Bank of Liverpool, Limited - - - - - - - 47
Bank of Whitehaven, Limited - - - - - - - 50
Barclay and Company, Limited - - - - - - - 52
Baring Brothers & Co., Limited - - - - - - - 54

CHAPTER VI.—(*continued*).

	PAGE
Birkbeck Bank	57
Birmingham District and Counties Banking Company, Limited	60
Bolitho, Williams, Foster, Coode, Grylls & Co., Limited	62
Bradford Banking Company, Limited	64
Bradford Commercial Joint Stock Banking Company, Limited	67
Bradford District Bank, Limited	69
Bradford Old Bank, Limited	72
British Mutual Banking Company, Limited	75
Bucks and Oxon Union Bank, Limited	76
Capital and Counties Bank, Limited	78
Carlisle and Cumberland Banking Company, Limited	81
Cornish Bank, Limited	85
Craven Bank, Limited	87
Crompton and Evan's Union Bank, Limited	89
Cumberland Union Banking Company, Limited	91
Devon and Cornwall Banking Company, Limited	94
Grant and Maddison's Union Banking Company, Limited	96
Guernsey Banking Company, Limited	98
Halifax and Huddersfield Union Banking Company, Limited	101
Halifax Commercial Banking Company, Limited	104
Halifax Joint Stock Banking Company, Limited	106
International Bank of London, Limited	108
Isle of Man Banking Company, Limited	110
Lancashire and Yorkshire Bank, Limited	113
Lancaster Banking Company, Limited	116
Lincoln and Lindsey Banking Company, Limited	118
Lloyds Bank, Limited	121
London and County Banking Company, Limited	124
London and Provincial Bank, Limited	128
London and South-Western Bank, Limited	131
London and Westminster Bank, Limited	134
London and Yorkshire Bank, Limited	138
London City and Midland Bank, Limited	140

CHAPTER VI.—(*continued*).

	PAGE
London Joint Stock Bank, Limited	143
Manchester and County Bank, Limited	146
Manchester and Liverpool District Banking Company, Limited	149
Martin's Bank, Limited	152
Mercantile Bank of Lancashire, Limited	155
Merchant Banking Company, Limited	159
Metropolitan Bank (of England and Wales), Limited	161
Midland Counties District Bank, Limited	164
National Provincial Bank of England, Limited	166
Northamptonshire Union Bank, Limited	169
North and South Wales Bank, Limited	171
North-Eastern Banking Company, Limited	174
Nottingham and Nottinghamshire Banking Company, Limited	176
Nottingham Joint Stock Bank, Limited	179
Pares's Leicestershire Banking Company, Limited	181
Parr's Bank, Limited	183
Prescott, Dimsdale, Cave, Tugwell & Co., Limited	186
Sheffield and Hallamshire Bank, Limited	189
Sheffield and Rotherham Joint Stock Banking Company, Limited	191
Sheffield Banking Company, Limited	194
Sheffield Union Banking Company, Limited	197
Stamford, Spalding, and Boston Banking Company, Limited	200
Stuckey's Banking Company, Limited	202
Union Bank of London, Limited	205
Union Bank of Manchester, Limited	209
Wakefield and Barnsley Union Bank, Limited	212
West Riding Union Banking Company, Limited	215
Whitehaven Joint Stock Banking Company, Limited	217
Williams Deacon and Manchester and Salford Bank, Limited	219
Wilts and Dorset Banking Company, Limited	222
York City and County Banking Company, Limited	224
Yorkshire Banking Company, Limited	227
York Union Banking Company, Limited	229

CHAPTER VII.

Scotch Joint Stock Banks.

PAGE
Bank of Scotland - 232
British Linen Company Bank - 235
Caledonian Banking Company, Limited - 239
Clydesdale Bank, Limited - 241
Commercial Bank of Scotland, Limited - 245
National Bank of Scotland, Limited - 248
North of Scotland Bank, Limited - 252
Royal Bank of Scotland - 254
Town and County Bank, Limited - 257
Union Bank of Scotland, Limited - 260

CHAPTER VIII.

Irish Joint Stock Banks.

Bank of Ireland - 264
Belfast Banking Company, Limited - 268
Hibernian Bank, Limited - 270
Munster and Leinster Bank, Limited - 272
National Bank, Limited - 276
Northern Banking Company, Limited - 278
Provincial Bank of Ireland, Limited - 280
Royal Bank of Ireland, Limited - 283
Ulster Bank, Limited - 286

CHAPTER IX.

Private Banks in the United Kingdom (where Balance Sheets are Issued).

Bacon, Cobbold and Company - 290
Barnard, Thomas and Company - 292
Beckett & Co. - 293
Berwick, Lechmere and Company - 295

CHAPTER IX.—(*continued*).

	PAGE
Child & Co.	296
Cocks, Biddulph and Company	298
Coutts & Co.	300
Cox and Co.	302
Eyton, Burton, Lloyd & Co.	304
Glyn, Mills, Currie & Co.	305
Hammond, Plumptre, Hilton, McMaster and Furley	307
Hoare, Charles & Co.	309
Hodgkin, Barnett, Pease, Spence & Co.	311
Jones, David & Co.	313
Lambton and Co.	315
Robarts, Lubbock and Co.	317
John and Charles Simonds and Co.	319
Smith, Payne and Smiths	321

COMPARATIVE TABLES.

English and Welsh Joint Stock Banks	323-326
Scotch Joint Stock Banks	327
Irish Joint Stock Banks	328
Private Banks	329

CHAPTER I.

HOW TO TEST A BANK'S POSITION.

WHEN one reads that the public has entrusted a particular bank with thirty or fifty millions of money, as the case may be, one is disposed to instantly jump to the conclusion that, because of such widespread confidence, the bank in question must be safe, and to neglect to inquire whether the company which enjoys this credit has, in its turn, adopted a system which justifies this faith in its stability; for it by no means follows that a bank, simply on account of its huge deposits, is in that state of preparedness which modern banking necessitates.

But, it may be urged, such a contention, in nine cases out of ten, is pretty sure to be correct; and that is true enough, because a bank which is largely trusted is naturally mindful of its heavy obligations, and therefore maintains its strength proportionately; but if one select a bank from such considerations it is quite possible that one may choose the tenth which neglects the ordinary precautions, when the result may be distinctly unfortunate, and show that his method of selection is a vicious one.

In reality, a joint stock bank is not the tower of strength some people are prone to imagine. The exterior

is sometimes imposing, and occasionally even grandiose, but the foundations are always in danger of being sapped. For instance, a bank's total assets may amount to forty millions; but thirty-six millions will probably be the property of its customers, who are at liberty to withdraw their deposits either at call or short notice. Consequently, there is always a dangerous element in the construction of a banking company.

The four millions of its own money can be called the foundation stone of the building; but, seeing that the remaining thirty-six millions may, so to speak, be suddenly removed from it brick by brick, the weakness of the structure is at once apparent. The banking companies are quite well aware of this danger, which necessitates the most cautious trading on their part, and also the maintenance of a certain ratio of liquid assets against their indebtedness to their customers. Indeed, the larger this ratio the safer is the position of the bank. We see, then, that a bank's position does not depend upon the number of millions confided to its care, but upon the state of its preparedness to return the said millions whenever they may be demanded from it, which is quite another matter, as will be seen by the various illustrations in this book. The strongest bank is the one which is in a position to say "I can discharge my indebtedness to the public at a moment's notice." But such an institution is an ideal one, which does not exist in this little island for the simple reason that such a body corporate could not return a dividend to its members. We therefore have to search for the next best institution—to wit, the one that can discharge the greatest proportion of its liabilities immediately or at short notice; and here we shall meet with better success, though there are some unpleasant little surprises in store for us; but had that not been the case, there would be no occasion to write this book.

When analysing the different balance sheets, the various items representing liquid assets will be arranged under the following headings:

Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.

"Cash" is a decidedly ambiguous word, which, like the orthodox faith, is of wide applicability, and, also like the orthodox faith, it covers a multitude of sins—especially in the balance sheets of some of the banks. Strictly speaking, a good definition of "cash" is "legal tender"; but certain entries in the balance sheets included under this heading cannot be so described, because it would be impossible to legally discharge one's debts by means of them. In the first column are included—

Cash in hand (Bank of England notes and specie held at the head office and branches).

Cash at the Bank of England.

Cash documents *in transitu*.

Cash balances with other bankers on demand.

The above lines are self-explanatory. Obviously, cash is by far the most important entry in the balance sheet; for it is with this alone that a bank can immediately meet its obligations. It therefore follows that the larger the proportion of cash to liabilities, the safer is the bank. Consequently, we should attach great importance to this ratio, and regard, if not with suspicion at least cautiously, those institutions which hold small percentages, or which

(possibly from interested motives and in order to disguise the smallness of their actual cash in hand) lump cash, money at call, &c., together, and calmly extend the aggregate. We shall find many such offenders; and it will be my business and pleasure to pillory them later on. As they constitute my apology for this book I am personally obliged to them; but so far as one can judge, the tendency to maintain inadequate cash reserves is the greatest danger that threatens English banking companies. Certain institutions which neglect this precaution in order to distribute huge dividends to their members are deliberately risking their existence; and the policy is as stupid as it is insecure.

Undoubtedly the temptation for a bank to hold as little actual cash as possible is somewhat strong, because no profit whatsoever is earned upon money in the safes and with the Bank of England, whereas securities bring in interest wherewith to swell the dividend; but the larger companies, recognising the delicacy of the situation, seldom fail in this duty towards the public; and the principal offenders are the purely provincial banking companies, whose directors possibly do not possess so true a grasp of the position, or recognise that, given certain conditions, the adoption of a mean policy with respect to cash in hand may ruin the undertaking. It is absurd, for instance, with large sums payable on demand and at a few days' notice, to hold so small a proportion as nine per cent. of cash against them; yet we shall see that a few banks are willing to run the risk. Such institutions should be avoided. Moreover, this policy is unfair to the better managed banks, who, having adopted a safer system, have to compete against weaker companies under unequal conditions. The public, dealing with these ill-equipped banks, encourages risky trading; yet if a crash did come it, besides being seriously inconvenienced, might have to

bear some of the losses. After all, the trade of the country is almost entirely dependent upon the solvency of the banks, and a large, riskily-managed bank is a menace to the trade of the district wherein it is situated. Fortunately there are very few of them in this country.

Our next column deals with "Money at Call and Short Notice." This entry, upon the credit side of the balance sheet, represents money advanced to stock-brokers, bill-brokers, &c. Some of it is at call, and some at short notice; and the banks very wisely state this item separately, because it is quite possible that, in a time of general panic, there would be great difficulty in collecting this asset which, though more liquid than loans, bills discounted, and advances, is of doubtful value during a crisis: that is to say, at the actual moment when the bank itself is most in need of cash. Money at call and notice would make a very poor substitute for a cash reserve, because it is least safe just at the very moment when it is most required.

We next come to "Investments." The most desirable investment for a bank is undoubtedly Consols, but, unfortunately, it is also the least profitable. We may, I think, divide the risks an ill-equipped bank runs into two phases; and here, possibly, is the right place to discuss them. Now, a body corporate possesses all the vices that human flesh is heir to in the personalities of its numerous directors, but it is eminently cautious, and less disposed to thirst for vengeance than the individual. In normal times, were a bank caught short of cash, the rival companies, provided it could show a fair list of securities, would hasten to its assistance; and this they would do not because they were sorry for its misfortune, but from the fear lest, should it be compelled to close its doors, their own customers might begin to ask themselves the question: "Is my bank any safer than the one that has broken?" The

answer to such a question possesses dangerous possibilities; and the probability is that, if a well-known bank were to close its doors, the clients of the other companies in the district would become alarmed *à propos* of the safety of their balances and deposits, and the rival banks would have to fight for their existence. The situation is a remarkable one. At first sight one would feel disposed to say: "These banks set one a truly Christian example; for, see how eager they are to help a brother in misfortune —a brother, too, in the same line of business. A great and soul-stirring sermon might be preached by our parson on this highly edifying spectacle." I will save him the trouble, and preach his sermon for him.

In reality, the directors of the rival companies would be greatly incensed that force of circumstances should compel them to hasten to the assistance of a bank which, perhaps, had brought misfortune upon itself by its reckless neglect of those rules which constitute safe banking. They would say that the bank ought to fail, that they would like to see it fail; but they dare not let it. The thought of assisting it is most repugnant to them. An individual would press his lips tightly together and stand his chance; but a board, No! Precedent decrees that the bank shall be helped, and helped the rival is, provided it can prove its solvency. But it is a question of policy, not of bankruptcy; for every bank upon our list is solvent.

Those banks which are trading with too large a proportion of their deposits know that, should there be a run upon them, their rivals will come to their assistance—that they are in a position to almost demand help. This custom therefore encourages bad banking; for did the banks know that each had to stand or fall on its own merits—that none could rely upon outside help in the hour of danger—we should find much larger proportions of cash to deposits held by those smaller banks which show up

badly in our list, and also much better lists of investments. One feels tempted to say that it would be wiser to make an example of the next bank that is caught short.

The second phase, however, is more alarming. During a crisis each bank has to look to itself, for all are then in danger; and those banks which have neglected to take the necessary precautions, should their customers select this period for a run, would be compelled to close their doors. A crisis would certainly weed out some of the weak banks upon our list. The Government, which cannot look idly on when the banks are threatened with disaster, then comes to the rescue, and the Bank Act is suspended. The Bank of England is thereby empowered to issue notes at its discretion until the panic is allayed; and those banks which are caught short of actual cash take their Consols to the Bank of England, which issues notes against them. Hence the paramount importance that a fair proportion of Consols should be included in a bank's investments total. The bank, before it advanced notes, would ask to see the applicant's securities, and, provided it were satisfied with them, it would come to the rescue; but whether it would advance against any other securities than Consols and those guaranteed by the Government is an open question. Certainly, only gilt-edged securities would be accepted. It therefore follows that cash in hand and securities are the most important entries on the credit side of a balance sheet; and seeing that, during a crisis, the Bank of England would scrutinise most rigidly the securities of a bank that applied for assistance, the public should carefully examine the nature of the investments in the balance sheet before depositing with a banking company. House property and land, for instance, except when occupied by the bank itself, should be held under no circumstances whatsoever, because such assets cannot

be speedily realised, and, therefore, are totally inapplicable to the requirements of a banking company which at any moment may be called upon to return vast sums of actual cash to its depositors. The Australian banks, as many of their depositors and shareholders in this country doubtless remember to their cost, made this mistake; and we all know how dearly they have paid for it, while some of them are crippled by this folly even now, and are likely to be for some years to come. It is amusing to read, as one occasionally does, of those cautious Scotsmen who introduced the Scotch system of banking into Australia. Now, as a matter of fact, the Scotch banks' proportions of actual cash to liabilities are in numerous instances much too small, as may be seen by our list. Their directors appear to regard heritable property in a more favourable light than the boards of the English companies; and the introduction of this system into Australia resulted in widespread loss to the community. In Scotland this tendency is held in check, but directly it had free rein in a new country its results were disastrous in the extreme; for, upon the face of it, it is impossible for a credit institution which possesses, say, one million of its own capital and ten millions of public deposits to either advance against or invest largely in heritable property when the said deposits are either at call or short notice. We have not, of course, included either premises or heritable property in our ratio of investments to liabilities.

"Total Liquid Assets" column shows the ratio of the aggregate sum of the three preceding columns to liabilities, and the reader, by referring thereto, can see at a glance the position of any banking company on our list. By "position" I mean the bank's state of preparedness to meet its liabilities. The balance sheet, of course, must be examined to ascertain the appropriateness of its investments to a sound banking policy, and occasionally the required information

is not found even then, for a few banks take a pious delight in baffling all our diligent research, and calmly inform one that their investments amount to such and such a figure, in a light and airy fashion, which reminds one of a prestidigitateur hurrying through his display, or an amateur lecturer who rattles through a particular portion of his discourse in mad haste lest an awkward question from a member of the audience should floor him, conscious that he, like the issuers of such balance sheets, has invited questions which, if put, would destroy the impression of strength and solidity conveyed to the minds of his listeners by his dexterous handling of scientific facts. Such an entry as "Investments £52,103" is distinctly unsatisfactory, as did the issuers deign to enter into details, it is quite probable that the securities so designated might prove most undesirable assets for a banking company to hold. Its framers either dread awkward questions, or else bank directors, bank functionaries, and bank auditors must be credited with a fund of unconscious humour with which the world at large is at present quite unacquainted. This lack of uniformity among the banks in the drafting of their balance sheets renders the analysis of some statements extremely difficult, and though the writer has done his best to classify the items under the various headings in the form used throughout this book, there are occasions where the results are not quite so satisfactory as might be desired.

While discussing investments, attention should, perhaps, be drawn to the tendency among the banks to hypothecate securities to large corporations. The London and Westminster Bank, for instance, states that £1,000,000 of its Consols is lodged for the London County Council, to the detriment, though it does not say so, of its other creditors; for if the London County Council's accounts are secured by a deposit of Consols on the part of the bank, this asset,

in a time of panic or during a crisis, is useless to the company, and consequently its liability to fail is proportionately enhanced. This £1,000,000 of Consols is mortgaged to the County Council, and therefore cannot be sold by the Westminster to discharge its debts. Should it, then, be reckoned as an asset in the balance sheet? The Westminster is a very strong bank, with a capital and reserve fund of over £4,000,000, but its indebtedness to the public is in excess of £26,000,000; and it is therefore apparent that a credit institution of this description, when it mortgages £1,000,000 of its assets, is making a most undesirable experiment. A bank ought not to accept many accounts of this description, for these hypothecated assets are as useless to it as waste paper, and their inclusion in the balance sheet is apt to mislead those persons who are not conversant with the construction of a banking institution. Of course, the London and Westminster's balance sheet is perfectly straightforward. Indeed, it is quite possible that certain among the banking companies have not disclosed such liabilities, and if such be the case their directors and auditors ought to be held responsible; for these mortgaged assets, if included in the balance sheet without being ear marked, vitiate the document, which does not then show the true position of the company, and should render its compilers liable to a criminal prosecution. This practice appears to be a growing one, and it is certainly incompatible with safe banking.

What, it may be asked, is the lowest proportion of liquid assets which a bank can hold in hand without endangering its safety? The question is extremely difficult to answer. For instance, some of the Australian banks receive money left specifically at interest for long periods at special rates, and such a bank, which knows that a certain proportion of its liabilities cannot be demanded of it until a particular date be reached, would not

require so large a ratio as a bank whose deposits are at a few days' notice. One can, therefore, only answer such a question approximately; but assuming that a bank's deposits are at call and short notice, the following standard, perhaps, may be called the minimum of safety:

Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Short Notice *plus* Investments to Liabilities to the Public.	Total.
12	28	40

This table, it need not be said, is only a suggestion; and the liquid assets of most of the large, well-managed banks will be found to exceed forty per cent. very considerably; so any reader who is in search of a strong bank can readily make a selection, while those who wish to see how their own bank stands, when compared with its rivals, will find all the figures arranged for them at the end of this book.

CHAPTER II.

DIVIDEND-PAYING CAPACITY.

THE fourth, fifth, and sixth divisions of the form adopted in this volume stand as under:

Ratio % of Paid-up Capital to Liabilities to the Public.	Ratio % of Reserve Fund to Liabilities to the Public.	Total Working Capital.

It has already been explained that a bank's capital is small when compared with its deposits: that is to say with the total amount of customers' money employed in the business; and we can see that a structure of this nature is peculiarly liable to panics and runs. It has been suggested by Mr. Gilbart that it would have been wiser had the banks, as their deposits grew, added to their capital at a certain ratio, and kept it, say, at a proportion of about twenty per cent. to liabilities, when they would have been in a better position to strengthen their hands, and to deal more promptly with sudden demands made upon them; but this opportunity is past and gone. Moreover, it by no means follows that such a policy would have worked better than the one extant; for a bank whose capital stood at a ratio of 20 and its liquid assets at 30 would be in a much worse position than an institution with

a five per cent. capital ratio, and whose proportion of liquid assets to liabilities is 48. Compare, for instance, the positions of the London and County and the Halifax and Huddersfield Banks in our list, when it will at once be seen that a bank with a small capital can be well prepared to meet its obligations, whilst one with a capital ratio of 20·83 makes a very poor show indeed. Why, then, should this suggestion be thought an infallible remedy which would strengthen the position of the banks? It seems to me that the argument that, given such a system, a bank must trade more prudently under it than under the one now in vogue is distinctly fallacious, and if further proof be required a glance at the Australian banks will furnish it admirably. In Australia we find that the capital of a bank may stand at a ratio of over 100 per cent. to its liabilities, and yet that its position is not nearly so strong as that of the London and County Bank. Provided the banks keep adequate reserves, the smallness of their capital will not endanger their position.

On the other hand, some banks are certainly trading riskily in order to pay huge dividends to the members of the company; but such companies can be easily distinguished in our list—and avoided. The prudent policy, obviously, is to distribute fair dividends, and to add largely to the reserve fund (which is built up principally with the undivided profits), and thereby strengthen the position of the bank. This fund is sometimes invested entirely in Consols.

The ratio of paid-up capital to liabilities, as shown by the heading at the beginning of this chapter, though suggestive of deadly dulness, as a matter of fact is possessed of latent possibilities of quite an exciting and interesting nature, for it supplies us with an index to the dividend-paying capacity of a banking company, and, therefore, is of some importance to those persons who invest in

bank shares. The smaller this ratio, the larger, it follows, should be the dividend, as can be seen from the following examples:—

	Ratio % of Paid-up Capital to Public Liabilities.		Dividend % per annum during 1900.
London and County ...	4·41	...	22
London and Westminster	10·40	...	16
London and South-Western	6·75	...	16
Capital and Counties ...	4·70	...	17
National Bank of Scotland	5·94	...	18
Bank of Scotland	7·37	...	12

A captious critic on the *Financial Pink 'Un* may exclaim:—"Tell us something that we don't know, something that is not so painfully self-evident"; but my modesty is such that I feel it would be quite impossible to tell the *Financial Pink 'Un* something that it does not know, so I beg that it will excuse my attempting so impossible a task. However, any reader who may feel interested in this column can turn to the critiques of the various banks, wherein, in numerous instances, the dividends for a period of years are inscribed.

Again, this ratio may prove interesting or even useful in another respect. If we take two banks whose proportions of paid-up capital to liabilities differ considerably, but whose liquid assets to liabilities are fairly even, and make a proportion sum of them, we should expect (provided we knew the average dividend of the one) to be able to discover, fairly accurately, the average dividend-paying capacity of the other. Naturally one would have to select two banks which do much the same class of business; and it seems to me that the Bank of Scotland and the National Bank of Scotland answer this description.

The National Bank of Scotland's ratio is 5·94, and the Bank of Scotland's 7·37, whilst its average distribution

per cent. per annum from 1892 to 1900 was $12\frac{1}{3}$. Now, we want to find the National Bank of Scotland's average distribution for the same period, and the following sum should give it to us:—

$$\frac{7{\cdot}37 \times 12{\cdot}333}{5{\cdot}94} = 15{\cdot}3$$

Turning to the critique of the National Bank of Scotland, we find that its average distribution was $15\frac{8}{9}$, or 15·8. Consequently our answer is ·5 short; but it gives us a very fair idea of that bank's average dividend during the period in question. Of course, to get a nearer answer, we must include the assets and advance ratios in the sum, which then stands as under:

$$\begin{array}{l} 5{\cdot}94 : 7{\cdot}37 : 12{\cdot}333 \\ 51{\cdot}06 : 54{\cdot}54 \\ 57{\cdot}45 : 56{\cdot}04 \end{array}$$

If the Bank of Scotland can pay an average dividend of 12·333 per cent. with a ratio of capital to liabilities of 7·37, then the National should pay more with 5·94.

The National will earn more profit on 54·54 of liquid assets than will the Bank of Scotland on 51·06, but less on 56·04 of advances than the Bank of Scotland will on 57·45. Hence we get:

$$\frac{7{\cdot}37 \times 54{\cdot}54 \times 56{\cdot}04 \times 12{\cdot}333}{5{\cdot}94 \times 51{\cdot}06 \times 57{\cdot}45} = 15{\cdot}9$$

The average distribution of the National Bank of Scotland is, we know, $15\frac{8}{9}$; and it was a matter of extreme surprise to the writer, as, doubtless, it will be to the reader, that our proportion worked out so accurately, for of course the ratios of these two banks differed, not only from year to year but from day to day. Consequently, though the above illustration gives an almost exact answer, and the test employed is certainly a useful one, which should

give a fair idea of the relative dividend-earning capacity of two banks, in every probability no other pair upon our list could be found which would give so correct an answer; and the present result must rather be attributed to a happy selection or fluke.

As a bank's deposits grow, its proportion of paid-up capital to liabilities shrinks, thereby increasing its dividend-paying capacity. Additional capital, therefore, should result, at least for a time, in reduced dividends; and we should expect to see the prices of a bank's shares fall after an announcement to the effect that it was about to increase its capital, whilst it is evident that this accretion must reduce the value of all shares purchased, say, six months before the bank's intention was made public. If it added one-eighth to the paid-up capital, then its dividend-paying capacity would be reduced proportionately. Consequently, such an announcement does not tend to rejoice the souls of its members, who are disposed to regard the addition in anything but a favourable light, despite the assurance of their chairman that the bank is making rapid progress, and the fact that the new shares are offered to them at a smaller premium than to the public. If the ratio of paid-up capital to liabilities before the new issue were 8, and the accretion raised it to 9, the shares which were previously quoted at, say, 20, would then be worth $17\frac{7}{9}$. As a set off against this diminution the shareholders, if the new issue be allotted among them *pro ratâ*, get the difference between the sum they pay and the market price of the shares.

The second column in this chapter shows the proportion of reserve to liabilities; and as a bank declares its dividends solely upon its paid-up capital, any accretion to this fund has the effect of increasing its strength without lessening its dividend-paying power. The total of these two columns is described as working capital, because it represents the

actual money belonging to the shareholders which is employed in the business. But, it may be said, a bank trades with its deposits as well, therefore its working capital surely consists of this total plus its deposits; yet would not the two together be more accurately described as its total working resources? I think that they would. The working capital, then, consists of the paid-up capital and reserve fund, and a bank's working resources are its deposits plus its working capital.

By accumulating a large reserve fund out of its profits instead of paying too much away in dividends, a bank is often enabled, so to speak, to add to its capital proportionately with the growth of its business; and if less is distributed among the members this fund should render an accretion to the paid-up capital unnecessary. The shareholders would then be spared the mortification of suddenly finding their holdings less productive, besides having the satisfaction of knowing that the bank, year in year out, was steadily improving its position. It seems to me that this is an ideal way of collecting working capital and supporting the value of the shares; though when a bank's business expands very rapidly an accretion to the paid-up capital must sometimes become a pressing necessity, especially when the amount of its advances and bills discounted makes the keeping of a good percentage of liquid assets to liabilities a difficult task. Where dividends are distributed up to the hilt, and no effort is made to accumulate a really strong reserve fund, shareholders might do worse than remember that, despite the rapid strides science has made during recent years, and the multitude of inventions that are showered upon us daily in the wildest profusion, no enterprising person has yet endeavoured to explain how it is possible to eat one's cake and have it too. Yet certain bank directors of the provincial companies, by trading with too large a proportion of their deposits, are in reality

attempting to solve this highly interesting but extremely stupid problem, which, if they do not wish to involve their banks in disaster, should be left entirely in the hands of the Christian Scientists or the metaphysicians. You cannot, especially if the bank be a young one, keep it strong without making some little present sacrifice, which, in so far as the building up of a good reserve is concerned, is merely a prudent means of insuring future dividends. Consequently, the dividend-grabbing mania, which is now so largely indulged in by certain bank shareholders, is as unedifying as it is bad policy. Occasionally, we find a strong board strenuously resisting this cry for more on the part of a minority of the members; and sometimes we even behold a chairman vainly endeavouring to convince this select little coterie of dividend-snatchers that the policy they suggest might, under certain conceivable conditions, cripple the resources of the bank, and that, though the directors are anxious to distribute as much as possible, still they cannot blindly disregard the future position of the company. A chairman usually finds such a task a thankless one; for, unless members understand the peculiar construction of a banking company, it is next to impossible to convince them that the money which has been earned during the year or half-year, as the case may be, should not be divided among them. It is their money, and why should they not have it? The money has been earned, and they want their own. They do not get fees like the directors. But, so irritated are they at the thought of this undivided profit that they quite overlook the unpleasant little fact that they are liable for a vast sum in the shape of uncalled capital in the event of any misfortune overtaking the bank, and that, therefore, a cautious policy and a good reserve fund are essential if their own interests are to be safeguarded. Instead, therefore, of opposing a prudent policy the shareholders of some of the provincial banks would be well advised to take

their directors to task and to insist upon the liquid assets being increased to a more desirable and safer ratio, even though their dividends should suffer in consequence. A prudent investor certainly would not care to hold the shares of a bank whose proportion of liquid assets to liabilities is, say, under thirty per cent., yet we can find upon our list companies that do not publish so large a ratio in their balance sheets; and seeing that at the end of each half-year much money is called in temporarily from the market to swell the cash balances, and then lent again immediately afterwards, we may fairly assume that the banks publish somewhat roseate statements, or, at least, that their balance sheets by no means understate the average proportion of cash in hand held over a period of six months or a year; but it is very human to err in such a manner, if somewhat deceptive.

A bank with plenty of working capital ought to be able to hold a larger proportion of liquid assets to liabilities than a company with a small ratio; but the very fact of its having a high ratio of working capital to deposits enables it to lend a larger proportion of its deposits on securities and bills; and, as a matter of fact, a glance down the list at the end of this book will show us that they do not usually neglect the opportunity, and that the banks with small working capital are often better prepared to meet their liabilities than those with large. Some very interesting comparisons might be made in this respect, but I feel it is outside the scope of this volume; though what I should like to lay stress upon is that, provided the directors adopt a sound policy, a bank can always be placed in a fair state of preparedness. A large working capital should enable a bank to maintain a good proportion of liquid assets to liabilities; and if it be not employed with this objective, then its strength as a bank is not augmented thereby.

CHAPTER III.

ADVANCES, UNCALLED CAPITAL, LIABILITIES TO THE PUBLIC, AND ACCEPTANCES.

THE two last divisions in the analyses of the various balance sheets set out are—

Ratio % of Bills and Advances to Liabilities to the Public.	Uncalled Capital.

Some banks state their bills discounted separately on the balance sheet, and others include them with their advances in one total, whilst yet others have a queer little habit of including their bills among their liquid assets in order, assumably, to make their position look stronger than it really is; but, needless to say, they have been most religiously classed as advances throughout this volume. The term of a bill would range, say, from one to twelve months; and the majority, perhaps, would be drawn at three months' date. Six months' bills would be comparatively few, and those dated twelve months hence probably rare. A bank, therefore, when it discounts bills, advances so much money against them for a stated term; and though in normal times it can re-discount them, its credit would probably suffer were it to do so, while during a crisis it could find no buyers, for the bill-brokers themselves would then have to seek assistance from the

Bank of England. Money is locked up in bills just as it is in advances; and neither asset can be called a liquid one. Of course, a bank could pledge the securities it receives from customers against their loans and advances, but it would have to close its doors did the public get wind of it; and much the same result would follow were it to re-discount its bills to any appreciable extent. It seems to me, therefore, that such an asset is distinctly not a liquid one.

Loans and advances are made, as a rule, only against the deposit of securities; and that the banks exercise great caution is doubtless known to most of their clients who require accommodation. The proportion of advances to liabilities which a bank can support safely depends entirely upon its ratio of working capital. If that be large, then its bills and advances may be increased proportionately. A glance at its total liquid assets column will tell us at once whether or not it be trading with too large a proportion of its deposits, though it does not follow that, because its advances' ratio is high, it is trading riskily.

UNCALLED CAPITAL.

This may be called a further guarantee to depositors on the part of the shareholders of a banking company, who undertake that, should the institution fail to meet its liabilities, and the working capital prove insufficient to pay the creditors in full, they will make good the deficit to the extent of a stated sum, each in proportion to the amount of his holding. It is quite true that, were a bank to be wound up, considerable difficulty would be experienced in collecting the uncalled portion of its share capital. In no instance could the total sum be ingathered;

and the proportion which might be realised must always be a matter for conjecture. Still, this guarantee by the members to the customers is of a very serious nature; and a bank's depositors, despite the doubt that is attached to it, should see that the liability on a bank's shares stands in a fair proportion to the paid-up capital. Of course, the more numerous the shareholders the greater is the probability, should misfortune overtake a banking company, of a large proportion being collected; whilst the larger the guarantee the greater is the likelihood that the customers' balances will ultimately be returned to them in full. It may not be out of place, perhaps, to remark that members appear to hold this responsibility very lightly, and to remind them that, though the large banks are well managed, and the possibility of failure extremely remote, it is, nevertheless, a serious business to accept huge liabilities on their shares.

Some people are apt to smile when a bank's uncalled capital is mentioned, and to attach but little importance to it as a guarantee; but it seems to me that it strengthens the customers' position very considerably, and that it would prove invaluable to them did the bank fail badly. It is undoubtedly true that a bank's uncalled capital, were it ever so great, would be powerless to avert disaster —that, as a concrete factor, it does not enter into the composition of the balance sheet. Still, its moral influence ought to be considerable, and one can quite understand a customer, who has heard adverse rumours, reasoning: "The bank's shareholders are liable to the extent of six millions, so I don't think I shall worry myself about my balance." Nor can it be said that such a view of the situation is not a reasonable one. Here is a liability incurred by the shareholders for the purpose of protecting the customers should the bank come to grief; and whilst allowing that a certain proportion of the members might

not be in a position to pay their calls, it is, nevertheless, apparent that were a person choosing a bank, other things being equal, he would select one whose members offered a liberal guarantee in preference to an institution whose shares carried a smaller liability.

LIABILITIES TO THE PUBLIC.

These would consist principally of—

Current account balances.
Sums left specifically at interest.
Notes in circulation.
Drafts in circulation.
Acceptances.

We all know what current account balances are; and many people doubtless, at different stages in their career, have devoutly wished that a method might be revealed to them by which their current account creditor balances could be appreciably swelled; but, unfortunately, this operation is distinctly a financial one, and the sceptical are disposed to smile when an individual attributes any sudden accretion to his bank balance to special interposition on the part of Providence, and to suggest that he has been robbing somebody; for miracles are but seldom worked in these days. Relief from that sore affliction, chronic tightness, which so depresses the spirits of the multitude, must be sought in quite another channel. And as to sums left at interest, who has not grumbled at the low rates obtained thereupon?

Notes, of course, are payable on demand, and are possibly the most dangerous liability of the banks that issue them; for they would be promptly presented for payment should a run be made upon the issuers, and even adverse rumours would be likely to reduce the amount in circulation. Next, probably, would come the sums deposited at interest, some

of which at the first signs of unrest would be withdrawn; and though a bank is entitled to a few days' notice, it would not enforce them lest the run should be intensified thereby. Current account customers, who have a greater interest in the bank, would as a body prove the most reliable when a bank was under a cloud, though only up to a point; consequently a bank has, by a great show of strength, to prevent that point being reached; for there is not a single bank upon our list that could support a constant drain upon its resources by its customers. The English banks are not constructed to meet such a contingency, therefore they ought to keep themselves very strong in order to inspire their customers with the utmost confidence in their management.

À propos of bank notes, I wonder how many people have been struck by the curious fact that when they present a cheque for payment and the banker gives them, say, five of his own five-pound notes in exchange for a cheque of £25, they are in reality lending him the sum in question free of all interest and accepting a liability into the bargain; for if they pay them away to a person in discharge of a debt, the said person is legally entitled to the same time allowance for presentation as in the case of a cheque; and if the bank fail before the expiry thereof, he can sue the person from whom he received them, who, in his turn, must claim against the banker's estate. To think that this is the sober truth, and not an extract from *Mr. Punch on Banking!* Of course when the notes are presented the loan expires, as doubtless would our original lender from sheer astonishment, should this extremely remote possibility ever happen to him.

Drafts in circulation would largely consist of either short-dated drafts or drafts on demand, drawn by branch banks on the head office or by provincial banks on their London agents.

A bank's liabilities on acceptances, which appear on either side of the balance sheet, have not been included in "Liabilities to the Public" throughout this volume. This is a liability incurred by a bank on behalf of its customers, whose bills it accepts against securities deposited; but as there is no danger of a sudden demand from this source, the item has been excluded from among deposits at call and a few days' notice. The amount maturing from day to day is a known quantity, for which the bank makes provision; and seeing that a very large proportion of the total is due some months hence, "acceptances" can hardly be classed with liabilities payable on demand. There is, however, another and more serious side of the question. During a crisis the portion of acceptances maturing daily would intensify the situation, whilst should the market refuse to take them a bank's credit might go, and with its credit its life. Under such conditions heavy liabilities upon acceptances might spell "ruin," therefore the banks should carefully regulate the volume of their responsibilities under this heading.

CHAPTER IV.

WHEN TO SELL AND WHEN TO BUY.

THE banks supply the wants of the trading community; therefore, when the trade of a country is good, we should expect to see its banking companies increase their distributions; and when demand begins to slacken, and producers to lessen their output in consequence, the tendency would be for the banks' dividends to diminish, because capital would be in less demand and, consequently, cheaper. As will be seen from the following six examples, the dividends of the English banks show the downward and upward sweep of a cycle beautifully:—

	1891	1892	1893	1894	1895	1896	1897	1898	1899	1900
London and Westmins'r	16	13	$11\frac{1}{2}$	$11\frac{1}{2}$	$9\frac{1}{2}$	11	12	14	$14\frac{1}{2}$	16
London Joint Stock	$12\frac{1}{2}$	$10\frac{1}{2}$	10	10	9	9	10	10	$10\frac{1}{2}$	12
London and County	22	21	20	21	20	20	21	22	22	22
Nat. Prov. Bank of Eng.	20	20	18	18	17	17	19	20	23	21
London and Provincial	15	18	17	17	17	17	$17\frac{1}{4}$	$17\frac{1}{2}$	18	18
Capital and Counties	18	18	16	16	16	16	16	16	16	17
Average %	$17\frac{1}{4}$	$16\frac{5}{12}$	$15\frac{5}{12}$	$15\frac{7}{12}$	$14\frac{3}{4}$	15	$15\frac{7}{8}$	$16\frac{7}{12}$	$17\frac{1}{3}$	$17\frac{2}{3}$

One has only to get out a similar list to the above to ascertain whether or not the trade of the country be progressing; and of course the larger the number of banks included therein, the greater should be its accuracy. During the whole of 1895, the worst year upon our table, the Bank rate stood at 2 per cent.; and when the trade of the country revived, the banks, profiting by the increased demand for loanable capital and the consequent rise in the rate of interest, enjoyed a period of growing profits and

dividends. The drop from $17\frac{1}{4}$ in 1891 to $14\frac{3}{4}$ in 1895, and the gradual recovery thereafter, culminating in $17\frac{2}{3}$ in 1900, shows the course of trade during the decade in in question admirably.

At the recent half-yearly meetings certain chairmen called attention to the increased deposits of the banks, and drew deductions therefrom to the effect that these accretions are a sign of additional business and a hopeful augury of future prosperity; but one can put another construction upon this phase. It seems more probable that the abnormal rise in the prices of commodities such as steel, iron and coal, which culminated in such figures as to lessen demand, and, consequently, to check production, caused a severe reaction; for even at the present reduced prices markets are somewhat slow. It is possible, therefore, that the banks' customers are withdrawing capital from their businesses, and that the accretions to bankers' deposits are represented by money withdrawn from trade which is standing to the credit of clients, who are hesitating whether or not to invest it. If this be the case, we ought to witness an advance in the prices of gilt-edged securities soon, which would probably have occurred earlier but for the large Government borrowings. It will be seen from the following table that the accretion to bankers' deposits is fairly considerable.

DEPOSITS.

	Dec. 1899. £	Dec. 1900. £		£
London and County ...	45,124,967	45,262,852	+	137,885
London and Provincial ...	10,532,306	11,810,208	+	1,277,902
London and South-Western	11,169,828	11,839,719	+	669,891
London and Westminster ...	26,549,622	26,897,379	+	347,757
London City and Midland ...	33,818,042	37,844,948	+	4,026,906
London Joint Stock ...	17,952,452	17,164,809	–	787,643
Nat. Prov. Bank of England	49,964,434	51,084,355	+	1,119,921
Parr's &c. Bank ...	23,785,786	24,512,109	+	726,323
Union Bank of London ...	16,185,729	18,090,315	+	1,904,586

The Midland's four millions at once arrest the eye, but we must remember that this bank's disposition is distinctly omnivorous, and that its numerous amalgamations vitiate the argument. The prosaic old National Provincial, however, which is occupied more with consolidation than expansion, and which spreads its tentacles throughout the length and breadth of the land, taking the good with the bad, is a more reliable barometer, and its addition of one million is significant, while the purely London banks, with one exception, tell the same tale, and the County adds its little note of harmony; the Joint Stock dissents.

Again, the following statistics of Bankers' Clearings from 1891 to 1900 give much the same impression as the Table of Dividends at the beginning of the chapter:—

	Annual Clearing.	Average from Table.		Annual Clearing.	Average from Table.
	£	Per cent.		£	Per cent.
1891	6,847,506,000	$17\frac{1}{6}$	**1896**	7,574,853,000	15
1892	6,481,562,000	$16\frac{5}{12}$	**1897**	7,491,281,000	$15\frac{7}{8}$
1893	6,478,013,000	$15\frac{5}{12}$	**1898**	8,097,291,000	$16\frac{7}{12}$
1894	6,337,222,000	$15\frac{7}{12}$	**1899**	9,150,269,000	$17\frac{1}{3}$
1895	7,592,886,000	$14\frac{3}{4}$	**1900**	8,960,170,000	$17\frac{2}{3}$

From 1891 to 1894 the total of cheques for each year passed through the Bankers' Clearing House in Lombard Street shows a diminution when compared with that of the preceding year, or with £7,801,048,000, the total cleared in 1890. Moreover, this decrease occurred regularly each year until 1895, when a large increase was recorded, which was followed by a very slight reaction during 1896 and 1897, but only to receive additional stimulus in 1898, which culminated in the huge total recorded the following year, the largest amount ever passed through the House in any one year since it was first called into being. Then followed a slight reaction in 1900 on the record year in question.

The banks, at the beginning of this movement, do not appear to have reaped their customary harvest. Indeed, during the whole of 1895 loanable capital was cheap; and the Bank rate remained at 2 per cent., where it had stood motionless since the 22nd of February, 1894, during the entire year. Nor was it until September, 1896, that capital began to grow dearer, when the Bank rate was raised to $2\frac{1}{2}$, and advanced to 4 in October of the same year. Then the dividends of the banks began to rise merrily throughout the prosperous portion of the cycle.

October, 1899, saw the Bank rate at 5; and in November it was raised to 6, where it remained until the January following, when it was reduced to 5 per cent. Undoubtedly, the reverses to the English arms were beginning to shake the confidence of foreign investors, who naturally enough argued that the issue of the war possessed an element of doubt. They knew that, did England emerge beaten, she would have no friends in Europe, but would be bullied into fresh wars in order to defend her own, and that her defeat might be a signal for wiping out old scores before she could recover herself; for a nation, like a man who is down, finds friends and relations grow cold and distant. When such a catastrophe overtakes either a nation or an individual, friends disappear and relations offer advice—that is all. The unfortunate individual who takes their advice is lost indeed. Shaken confidence, among other things, helped to produce the high Bank rates in question. Of course, the trade of the country was exceptionally flourishing at the time, and the demand for loanable capital was very considerable; but bankers, conscious of the unrest then prevailing and fearful of its being accentuated by more "unfortunate incidents," very wisely strengthened their reserves. Consequently, there was less loanable capital on the market, and borrowers had to pay higher rates than, but for the war, would have been

procurable. Loanable capital would undoubtedly have been dear; but the nervous tension produced by our reverses made it dearer still, thereby handicapping producers and forcing up the prices of commodities to such an extent as to prematurely produce a falling away in demand. The Bank of England which, in its capacity of bankers' bank, keeps the gold reserve of the country, had to protect the said reserve by raising the official minimum; consequently, those traders who discounted their bills were compelled to pay high rates, and as the trade of the country is largely carried on by means of bills, the war tax already paid must be fairly considerable. We have certainly tasted the detrimental effect exercised by war upon trade; but if the Government had listened to the pro-Boer advocates, and patched up a peace, instead of fighting out the issue to the bitter end, the result from a financial point of view might have proved disastrous to our credit; and such a course certainly would not have been good business. Even the person who is politically a pro-Boer, or who is a member of the Society of Friends, were he trading with borrowed capital, might "endorse" so bloodthirsty a petition to the Government. It has once or twice occurred to me whether, had this war gone against us, a crisis would have supervened; and in such an eventuality certain banks with ridiculously small cash reserves would probably have been wiped out of existence.

A glance at the Table of Dividends at the beginning of the chapter shows us that distributions fell from 1891 to 1895 and rose from 1896 to 1900; and, it must be remembered, prices of bank shares fell and rose in sympathy with the distributions. Consequently, the best time to buy is at the beginning of the prosperous portion of a cycle, when a purchaser should enjoy a period of increasing dividends, accompanied by substantial accretions to the capital value of his shares. For instance, a purchaser

of the London and Westminster's shares at, say, 51 in 1895 could have sold out at 64 in 1900, thereby realising a profit of £13 on his investment, while he would have received rising dividends each year. On the other hand, had he bought at 74 in 1891, and sold at 51 in 1895, he would have lost £23, and drawn decreasing distributions into the bargain. Much the same kind of thing in either instance would have happened had he selected the shares of the National Provincial, the Joint Stock, Lloyds, and numerous other companies which could be named. It follows, therefore, that the time to buy is at the beginning of the prosperous portion of a cycle, and that the time to sell is when the trade of the country is at its zenith. These periods show distinctly on our table; but problems which look quite easy upon paper have a queer trick of turning out extremely disappointing when one tries to solve them on the market.

We know that, broadly speaking, bank shares have been rising since 1895; and it is evident that the trade of the country is not so good now as it was, say, towards the middle of 1900, while the Clearing House totals show a slight falling off; and, as the following list will show, very few of the banks included therein increased their December half-yearly dividends in 1900:—

	Half-year ended December, 1899.	Half-year ended December, 1900.
Capital and Counties ...	16	18
Lancashire and Yorkshire ...	15	15
Lloyds	20	20
London and County ...	22	22
London and Provincial ...	18	18
London and South-Western	16	16
London and Westminster ...	16	16
London and Yorkshire ...	11	12
London City and Midland ...	19	19

	Half-year ended December, 1899.	Half-year ended December, 1900.
London Joint Stock ...	12	12
Manchester and County ...	24/-	24/-
Manchester District ...	20/-	20/-
National Provincial of England	22	22
Union of London	18/6	18/6
Williams and Manchester and Salford	12/-	12/-

Where the dividend is expressed in currency the figures represent the distribution per share for the half year, and in the other instance the percentage per annum for the half year.

Nearly all the large banks are included in the table, and I think we can see here evidence, if not of a retrogressive movement, at least of a check in the progressive stage; and it is an open question *à propos* of whether or not the majority of them will distribute like dividends for the half-year ending December, 1901. Personally, I am disposed to think that very few among them will; but that is quite a matter of opinion. It seems to me that dividends and prices have reached their high-water level, and that those persons who are anxious to take any accretion to capital value should seriously consider whether the time has not arrived to sell; whilst buying at present prices in the great majority of cases seems quite out of the question, for there certainly are indications that the banks are about to face a period of depression, which will reduce both distributions and prices.

Coal companies, steel companies, railways, banks, &c., flourish when trade is good; and during the prosperous portion of a cycle, if they be well managed, increase their dividends and prices. Then, when the tide turns, they descend the scale again, as the following list shows clearly enough:—

Company.	Depressed Portion.				Prosperous Portion.					Lowest in 1895.	Highest in 1900.
	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.		
Staveley Coal and Iron	180/–	100/–	60/–	85/–	75/–	85/–	85/–	180/–	400/–	75	169
Consett Iron	25/–	15/–	15/–	13/6	20/–	30/–	30/–	50/–	75/–	$18\frac{1}{8}$	43
Great Eastern, Div. %	$2\frac{1}{4}$	$2\frac{1}{8}$	$1\frac{1}{8}$	$1\frac{1}{2}$	$2\frac{3}{4}$	$3\frac{3}{8}$	$3\frac{1}{2}$	$3\frac{7}{8}$	$3\frac{5}{8}$	$74\frac{7}{8}$	$127\frac{1}{2}$
Lancashire and Yorkshire Railway, Div.%	$3\frac{3}{4}$	$3\frac{5}{8}$	$2\frac{3}{4}$	$4\frac{1}{8}$	$5\frac{1}{8}$	$5\frac{3}{8}$	$5\frac{1}{8}$	$5\frac{1}{4}$	5	$113\frac{3}{4}$	147
Cunard Steam Ship ...	12/–	8/–	8/–	Nil.	Nil.	10/–	10/–	14/–	20/–	8	17
National Provincial Bank of England (£12 paid), Div. %	20	18	18	17	17	19	20	23	21	$47\frac{3}{4}$	$66\frac{1}{4}$
Commercial Bank of Scotland, Div. %	14	14	$15\frac{1}{2}$	15	$15\frac{1}{2}$	$16\frac{1}{2}$	16	19	18	$66\frac{1}{4}$	95

Now, if we are about to experience two or three years of bad trade, it follows that holders of these shares should realise, and take the profit which is now only a paper one, for, given a period of depression, prices might again fall as low as those ruling in 1895. The question is what to buy. When shares of this character are at their zenith we should expect to find gilt-edged securities at their lowest; therefore it would often pay one extremely well to sell out, say, bank shares or railway ordinary stock when it seems that top prices are reached and buy gilt-edged securities, which should rise during a period of depression, and then sell out and get back your bank shares or railway ordinary stock at greatly-reduced figures.

When loanable capital is dear gilt-edged securities are cheap. Trade is flourishing, consequently the trading and carrying companies are doing more business and earning better dividends, but the interest upon gilt-edged securities is the same whether trade be good or bad; therefore the demand for them is less when much larger profits can be secured by investing elsewhere. Then again, producers, when trade begins to improve, sell their gilt-edged securities in order to introduce additional capital into their business, for they want to make hay while the sun is shining. Then when demand slackens and prices fall, thereby reducing their profits, capital comes out of trade and returns to the gilt-edged variety of investments, which rise proportionately to the demand, for the supply is limited. The following table may prove interesting as an instance of this tendency:—

		1891.	1895.	1900.	1901 (April).
Annuities, 2½ % ...	Highest	95¾	106⅞	100⅜	96½
	Lowest	92¼	101⅝	95⅝	
India 3 %	Highest	99⅜	110	105½	101½
	Lowest	93⅛	102¾	95	
Canada 4 %	Highest	108¾	112	107½	103
	Lowest	102	101¼	100¼	

		1891.	1895.	1900.	1891 (April).
Great Western Railway 4 % Debenture Stock	Highest	$134\frac{3}{4}$	$154\frac{3}{4}$	$142\frac{3}{4}$	135
	Lowest	$128\frac{3}{4}$	$144\frac{1}{2}$	133	
Liverpool Corporation $3\frac{1}{2}$ %	Highest	$112\frac{1}{2}$	$132\frac{7}{8}$	$122\frac{7}{8}$	117
	Lowest	$108\frac{1}{2}$	125	117	

Here we find that in 1895, when bank shares were low, gilt-edged securities were high, and that in 1900, when the former were in greater demand, the latter had fallen several points. The same reasoning, of course, applies to the securities contained in our first list when compared with those in our second. What one has to remember is—

> When trade is good and money is in demand, fluctuating securities advance, and gilt-edged securities decline.
>
> When loanable capital is cheap, gilt-edged securities advance, and fluctuating securities recede.

Now, as bank shares are of the fluctuating variety, the art is to buy after a depression, when they are low, and to sell when one sees the first signs of diminishing trade prosperity.

For instance, the average dividend distributed by the National Provincial Bank of England for the decade ended 1900 was $19\frac{3}{10}$ per cent. A person says to himself: "If I could purchase National Provincial Bank shares to give me an average return of $4\frac{1}{2}$ per cent., I think I would have some." The following sum will show him at what price he ought to buy:—

$$\frac{19\frac{3}{10} \times 12}{4\frac{1}{2}} = 51\tfrac{7}{15}$$

If an average return of $19\frac{3}{10}$ per cent. is given by a £12 paid share of the National Provincial Bank, what will a person who is willing to accept an average of $4\frac{1}{2}$ per cent. pay for it? The answer is stated above.

A glance down the table of the highest and lowest quotations of this bank shows us that its shares have been

below $51\frac{7}{15}$ in 1891, 1892, 1893, 1894, 1895, and 1896: that is to say, during each year of the depressed portion of the cycle. Present quotations are prohibitive; but if the would-be purchaser wait a few months, in every probability he will see them, when the bank has to face a depression, at similar prices again. Then he can make his purchase.

Again, one can find the average price for the decade. This works out at about 54; and if one buy at that price, one can be pretty certain that one has not given too much; though in every probability lower figures would be touched. Of course there are banks to which this method would not be applicable. For instance, take the case of a small company which has improved its position very rapidly and increased its dividends throughout the whole decade. The distributions of such a bank, in every probability, would not recede beyond a certain figure; and attention has been drawn to these companies in another part of this volume. The London and South-Western and the London and Yorkshire are two such banks; but these, and one or two others, are only exceptions to a fairly reliable rule.

CHAPTER V.

ILLUSTRATIONS OF GOOD AND BAD POLICY.

A CURSORY glance at the table on the following page at once shows us that the positions of the first five banks included therein are extremely strong, and that the policy of the last four leaves very much to be desired. The last object of this chapter is to instil into the mind of any reader a doubt as to the solvency of any bank upon this list, or, indeed, of any bank mentioned throughout the volume. It has been stated in a previous chapter that the banks, if they could possibly avert it, would not allow a rival institution to fail during normal times, but that during a crisis each would have to stand upon its own merits. Now, if there were a crisis like that of 1866, and the customers of a bank which held only, say, 27 per cent. of liquid assets to liabilities, were to suddenly make a determined run upon it, that institution would certainly be compelled to close its doors.

But, it may be said, the banks discount bills and make loans and advances with the greatest prudence in these days, and that therefore a crisis, though a possibility, is most unlikely to occur. The first part of the argument is true enough; for, undoubtedly, the cautious policy of the large banking companies has tended to avert crises; and also, unfortunately, certain among the provincial companies are so ill advised as to trade upon the confidence thus inspired in the public mind by the prudent trading of the institutions aforesaid, thereby creating the sole menace to

Bank.	Date.	Ratio % of cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.
	1900.								
London and Westminster	31 Dec.	15·62	22·26	15·24	53·12	10·40	5·94	16·34	61·51
London and Yorkshire	31 Dec.	22·45	9·23	26·33	58·01	11·22	8·11	19·33	59·79
London City and Midland	31 Dec.	18·48	16·00	14·71	49·19	6·66	6·66	13·32	63·13
Union Bank of London	31 Dec.	20·79	18·59	16·39	55·77	9·26	4·61	13·87	55·92
Smith, Payne & Smiths	30 June	20·72	—	40·94	61·66	17·50	—	17·50	49·98
Halifax and Huddersfield Union ...	31 Dec.	—	8·94	8·24	17·18	20·83	6·94	27·77	110·2
Lancashire and Yorkshire	31 Dec.	—	13·15	9·71	27·86	10·69	6·95	17·64	86·95
Sheffield and Hallamshire	30 June	—	12·22	14·39	26·61	17·61	12·21	29·82	102·10
Union Bank of Manchester ...	30 June	—	13·89	4·10	17·99	13·11	8·93	22·04	100·50

the trade of the country and to the solvency of themselves and their customers. But the second part is distinctly misleading; for any unexpected national misfortune, to mention only one possible occurrence, might draw public attention to their state of unpreparedness; and, though perfectly solvent, if the better prepared institutions were compelled to strengthen their own reserves at the time, those banks with an insignificant ratio of liquid assets might go down like ninepins. Again, any decided political upheaval might affect them, and, because we have experienced no painfully acute crisis since 1866, it by no means follows that, in spite of the more prudent policy of the large banks, one may not occur. Indeed, the more recent Baring crisis should act as a deterrent to small reserves. The trade of the country too might, after a period of great prosperity, such as the one it has just enjoyed, suddenly develop into an unhealthy condition. Numerous large firms, say, who had made unfortunate speculations when prices were high might fail, when the smaller firms which held their bills would be dragged down with them. Credit, after all, is only the inclination of one person to trust another; and directly one or two large houses failed, firms engaged in the same trade would be less disposed to trust each other, whilst, should this weeding-out process continue, a panic would be bound to follow, when everybody would be suspicious of his neighbour. No one industry stands alone. It buys largely from numerous other industries, which would immediately feel the strain in the shape of bad debts: and so the panic spreads throughout the entire trade of the country. The banks which discount trade bills and advance against securities are speedily involved. Firms which are solvent require additional accommodation to tide them over an awkward and difficult situation, and they apply to the banks for it. Those that are insolvent also make application; and the banks have to discriminate carefully between

whom they may and may not assist, while bills have to be cautiously selected. If they refuse to assist a house whose account is overdrawn, they are saddled with securities which, for the nonce, are unsaleable; and where extra accommodation is granted, either against additional securities or bills, the strain upon their resources is considerable; so a refusal, in certain instances, gives them no relief, while they are practically compelled to pour out their cash like water. How would those banks upon our list with less than 20 per cent. of liquid assets to liabilities meet such a whirlwind? They simply could not.

Just at that moment, too, their customers would be in a state of alarm, and the least hint to the effect that a bank was not prepared to meet its liabilities on demand would, at such a time, almost certainly result in a withdrawal of deposits, when suspension must inevitably follow.

A bank conducts a huge credit business, based on a small cash reserve, and such a business, from its very nature, is peculiarly liable to panic. Huge sums are payable on demand or at short notice, and when public confidence is shaken there is always a danger of large withdrawals; consequently, a bank with a small reserve of cash during a crisis may suspend payment at any moment. What folly, then, to trade with a ratio of 25 per cent. of liquid assets to liabilities, and, also, see what risk the holders of shares in such institutions accept. One would hardly think that they can be aware of the serious side of the situation; for, though there is no present danger, there is latent danger, which any accident may suddenly call forth into fierce reality.

Perhaps it would not be wrong to say that prices and credit rise together, or, at least, that credit or confidence improves during a period of expanding trade and rising profits, when most people are doing well, and, therefore, are disposed to believe that everybody else is prosperous.

We have experienced this from, say, 1896 to 1900. It is when prices are at their zenith that speculators are most likely to be caught. Prices have been increasing, we will assume, for three or four years, and merchants speculate heavily for a rise just before the tide ebbs, with disastrous results. Prosperity is sure to give an incentive to speculation, which, perhaps, is most reckless just when prices have touched high-water level, when many fortunes must be swept away by the ebb. It is at this critical moment that the banks ought to be strong; yet we find that certain companies upon our list, immediately after a period of great prosperity, are quite unprepared for contingencies, principally because they have sacrificed a safe policy to the dividend rage.

Very little need be said *à propos* of the first five banks upon our list, for it is evident that all are trading prudently; but it is remarkable that Messrs. Smith, Payne, and Smiths, a firm of private bankers, should be the best prepared to meet their liabilities of any of the five. Moreover, the advantage is pronounced, for this firm has included no money at call whatsoever in its liquid assets, whereas the joint stock banks have considerable percentages of that class of liquid asset. Again, Messrs. Robarts, another splendidly-managed private bank, with its ratio of cash to deposits of 21·89, occupies an enviable position. So it would appear that the private bankers are not quite so far behind the times as some people would have us believe, and it must be distinctly pleasurable, when arranging a loan, to have the matter settled out of hand, instead of making one's application to a board of directors. In no instance where a private banker publishes a balance sheet is the ratio of liquid assets to deposits anything like so low as those announced by the last four Joint Stock banks in our table. Indeed, were a private banker to issue so weak a statement, it is questionable, were attention drawn to it, if he would

survive, for public opinion is dead against him. One may well ask the value of public opinion which will tolerate in the balance sheet of a joint stock bank a state of affairs which the private banker dare not publish. A feeling appears to exist to the effect that a joint stock bank must be safe, and perhaps it would be better if this purely illusory idea were less in evidence, for there are a few joint stock banks in our list which, though solvent, are by no means safe. Of course, one can form no opinion of those private banks which do not issue balance sheets, and the public is quite justified in regarding them with suspicion.

It is noticeable that those banks which are trading with too large a proportion of their deposits often most scrupulously avoid stating the amount of their actual cash on hand, and have a queer little habit of bracketing it with money at call and short notice, thereby exhibiting either extreme craftiness or else displaying a remarkable lack of proportion; for these two assets, we know, are of widely different value as a guarantee of preparedness. A bank, especially when its ratio of liquid assets to liabilities is extremely small, which publishes cash and call money lumped together in this manner, should be regarded, if not with suspicion, at least with caution; for one can suggest a most unsatisfactory reason as the cause of the adoption of this peculiar method of dealing with dissimilar assets. It is quite possible that such a bank would be afraid to state the amount of actual cash in hand separately, lest by so doing its noticeable paucity should give a suggestion, even to the inexperienced, of its inability to deal successfully with a large withdrawal of deposits; so in order to disguise its unprepared position, it resorts to the expedient aforesaid. In a few instances, isolated fortunately, certain among the provincial banking companies publish a ratio of cash plus money at call to liabilities of under 10 per cent.; and one can only wonder how they dare submit

such a proportion to the criticism of their customers and members, whose supineness is truly astonishing in this sceptical age. Then, again, the probability is that such institutions are trading with a ratio of five per cent. and less of actual cash in hand, and this they apparently deem sufficient for till-money and also for a provision against any sudden demand. Their confidence in mankind is indeed wonderful; but still more wonderful is the confidence of mankind in them—quite a beautiful picture of faith and trust at the beginning of the twentieth century, a sure indication that the dangers of credit banking are but little understood by the public. Indeed, I am disposed to doubt whether the directors of such companies have grasped the true inwardness of the situation, whether they have yet realised where such a policy, so utterly unsuited to credit banking, might at any untoward moment lead them, were they caught with a percentage of cash to liabilities of five per cent. One has to remember, too, the misery and suffering which any catastrophe would entail upon the inhabitants of the towns and cities wherein such banks are established; that at such a moment the question would be the burning one of the hour; whereas the adoption of a safe policy now—at once—would render such an accident a remote possibility, even during a time of actual stress, when everybody is suspicious of the solvency of his neighbours.

Some of the Manchester, Sheffield, and Halifax banks, among others, have adopted a risky policy; and it is evident that their liquid assets are, in several instances, dangerously small. A bank which farms a manufacturing centre is obviously at a disadvantage when compared with an institution which spreads its tentacles far and near, because it has not the same facilities for collecting deposits. During prosperous years of a cycle, when trade is exceptionally flourishing, its customers would make an increased demand upon it for advances against securities

and bills; and as its deposits would not grow at the same ratio, it stands to reason that such a company cannot supply the additional demand for capital on the part of its customers and maintain a good reserve as well. But this does not constitute a good excuse for the situation. On the contrary, it is a plain warning to the directors that the ratio of advances to liabilities is such as to render their policy unsafe, that an accretion to the capital of the bank is absolutely essential if the business is to be conducted on a sound basis, and it is only the fear of reduced dividends consequent thereupon that prevents their submitting such a proposal to the members, who, they fear, would not welcome the suggestion. The prosperous years during 1896 to 1900 have undoubtedly imposed a great strain upon those provincial banks which farm manufacturing districts, resulting in the low proportions of liquid assets to liabilities to be found upon our list, and proving that the dangers of the situation have either not appealed to or else have been ignored by those persons responsible for their safe management.

The purely London banks do not appear to experience this difficulty, but are able to collect deposits freely, and so to maintain good reserves when the demand upon their resources is heaviest, while the Suburbs must be quite a happy hunting ground for creditor accounts and deposits, which help to make the task at the head office easier.

Such banks as the London and County, the National Provincial, Lloyds, the London City and Midland, and many others are saved from this situation by their numerous branches, which pour their surplus deposits into the coffers of the head office, which, in its turn, distributes cash where it is required, and uses the surplus on the market, thereby equalising demand and supply throughout its entire system; but banks like the Union Bank of Manchester, the Lancashire and Yorkshire, and the Sheffield and Hallam-

shire, which restrict their operations to a particular district, cannot equalise demand and supply in the same manner. We therefore find that those large London and Provincial institutions which establish branches in opposition to them are better able to supply the wants of the district than the local companies. Moreover, as time goes on, it seems to me that the situation must be rendered more acute, and that the local banks will eventually be compelled to either increase their capital proportionately to their advances or else to amalgamate with other institutions which can supply the accretion to deposits they themselves want so badly. Of course, in an agricultural district, where a bank accumulates very much more then it lends, this danger is non-existent, and the maintenance of a good proportion of liquid assets to liabilities a comparatively easy matter.

The tendency in this country is for the number of banks to grow gradually and beautifully less; and, judging from the unprepared state of some of the provincial companies, it is quite possible that, during the next two or three years, we may witness numerous amalgamations; for this process of disappearing from the face of the earth seems to be more popular with the members than an issue of new capital. Suppose that A, a bank of an omnivorous disposition, enters into negotiations with B, a bank whose directors are afraid of the large ratio in which their advances stand to deposits. If A's shares are quoted on the market at 40, and B's at, say, 20, then A gives one of its shares in exchange for two of B's; and both are gainers by the transaction. A, which is rich in deposits, finds B's advances a source of additional profit; and B, whose lack of deposits would have necessitated an increase of capital, and consequently a diminution in its distributions, has matters smoothed over for its shareholders, whose incomes remain intact, whilst a growing responsibility has been taken off their shoulders.

Now, as banks decrease in number, the customer is brought face to face with a somewhat unpleasant situation: to wit, the danger of a monopoly; for if the banks did join hands for the purpose of enforcing certain commissions their customers would be powerless to resist the demand. At present competition is fierce, and joint action on their part seems out of the question; but were they, in course of time, narrowed down by absorptions and amalgamations to some thirty-five or forty huge institutions, then their reign might begin in earnest, and the market, in some respects, would not be a free one. From the point of view of the public, they should be fairly numerous and strong, for a banking monopoly would act like a tax upon the trade of the country. It is true that the rate of interest would not be greatly affected, but commissions would multiply exceedingly; and those special bargains, of which we every now and then hear the faintest whisper, would be things of the past, for if competition be bad for the banks, it is undoubtedly good for their customers.

Among the Irish banks the Hibernian's ratio of liquid assets to liabilities is too small; and the Munster and Leinster does not tell us the amount of its cash in hand apart from money at call; while the Scotch banks, though some are weak in actual cash, hold fair proportions of liquid assets to liabilities without exception.

The highest and lowest quotations throughout this volume have been taken from that useful book, "Mathiesons' Handbook for Investors."

The following chapters contain the analyses of the balance sheets of the numerous banks in the United Kingdom; and if the reader will remember that the figures in the various divisions represent so much cash, call-money, investments, or as the case may be, to each £100 of a bank's liabilities to the public, he cannot fail to grasp the true position of every institution discussed in these pages.

CHAPTER VI.

ENGLISH AND WELSH JOINT STOCK BANKS.

BANK OF LIVERPOOL, LIMITED.

THIS bank's liabilities on current, deposit, and other accounts amount to £11,594,590. Cash in hand and at the Bank of England is stated as £540,630, which gives a ratio of 4·66, as may be seen by the form on the next page. Upon the 30th June last then the Bank of Liverpool, had it been suddenly asked to meet its liabilities to the public, could have paid £4·66 of each £100 of its indebtedness in cash; and unless its safes possess that latent potentiality which enabled a certain widow's cruse, by a mysterious process hitherto undiscovered, to be found quite unaffected by withdrawals on the morrow, it is extremely fortunate for this company that it was not asked to make the experiment. Such a small percentage of actual cash in hand seems totally inadequate for an institution with some eleven millions of money payable on demand and at short notice to maintain; and were it caught with this ratio during a crisis, it would probably experience some inconvenience, whilst, as it is, the ratio of cash to liabilities held at its various branches must be so small that, were a few large balances suddenly withdrawn from any one of them, quite a small sensation might follow therefrom, resulting in an exchange of numerous wires between it and the chief office,

BANK OF LIVERPOOL, LIMITED.

Head Office: LIVERPOOL.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 30 June	4·66	14·24	13·92	32·82	8·62	5·28	13·90	79·83	£ 7,000,000

80,000 shares of £100 each, and £12 10s. paid.

Paid-up Capital - £1,000,000. Reserve Fund - £612,197 4s. 0d.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Dividend.
Highest	40	$39\frac{1}{2}$	$38\frac{1}{2}$	$37\frac{1}{2}$	$38\frac{5}{8}$	$39\frac{1}{4}$	$40\frac{3}{4}$	$40\frac{5}{8}$	$40\frac{1}{2}$	
Lowest	37	$35\frac{3}{4}$	$35\frac{7}{8}$	$34\frac{1}{2}$	$34\frac{3}{4}$	$36\frac{5}{8}$	38	$38\frac{1}{8}$	$37\frac{3}{4}$	
Dividend %	15	15	14	13	13	13	13	13	14	$13\frac{2}{3}$ %

followed by the arrival of perspiring young men in cabs, accompanied by boxes of specie. If business is to be conducted on a sound basis, 4·66 should be multiplied by three.

Cash at call and at short notice with bankers and bill-brokers is stated as £1,651,737, giving a ratio of 14·24. It seems a pity that the amount with bankers on demand is not carried out separately; for, though bankers only hold a proportion of cash to liabilities, such balances are counted as cash throughout this volume; but this addition would not alter the fact that the Bank of Liverpool's till-money at its head office and branches is dangerously economised, though it proves that it can remedy the defect to-morrow if it like. If it were to keep less money at short notice and at call, and to strengthen its cash reserve, it would make smaller profits, but its position, though weak when compared with, say, the Westminster's, would be a respectable one.

Investments in Consols and other first-class securities amount to £1,614,005. It would, perhaps, be interesting to know the precise amount of Consols held; and "first-class," when applied to securities, is an extremely general qualification; for what may appear first-class in the judgment of one person seems, strange to say, distinctly third-class in that of another; and seeing that only certain securities are applicable to the demands of a banking business, one would have thought that the least a bank could do would be to specify its various securities in the balance sheet, so that its customers could appreciate them at their true value; but the Bank of Liverpool does not appear to hold this opinion. This ratio is 13·92, and the total proportion of liquid assets 32·82, a somewhat small ratio. The Bank of Liverpool, though its position is not alarming, is certainly not one of the prudently managed institutions, whilst a stronger proportion of actual cash in hand to liabilities seems absolutely essential.

Loans and advances to customers are £7,051,777, and bills discounted £2,204,290, the aggregate of which shows a ratio of 79·83, a proportion which its construction will not allow it to support safely without an accretion to working capital, which seems advisable.

Liabilities upon acceptances are stated as £414,778 upon indemnities and credits opened but not yet accepted against £398,532, and upon bills discounted under contract with the Bank of England £108,164, while the amount invested in premises is £236,675.

Dividends, as may be seen from the list, fluctuate slightly; and it is noticeable that after the fall to 13 in 1895, they did not respond to improved trade and higher rates until 1900, when 14 per cent. was distributed during the year. The following sum will show us at what price its shares should be purchased in order to return an average of $4\frac{1}{2}$ % upon the capital invested:—

$$\frac{13\frac{2}{3} \times 12\frac{1}{2}}{4\frac{1}{2}} = 38 \text{ (about).}$$

Personally, I should not care to hold shares in a bank whose ratio of total liquid assets is under 40 per cent., but that is merely an opinion; and those persons who are anxious to pick them up at the above figures will doubtless have an opportunity when the next period of depression begins to make itself felt.

BANK OF WHITEHAVEN, LIMITED.

The balance sheet of this bank is none too clear, leading one to imagine that its compilers have made a first and amateur attempt to realize the true value of the various assets to a credit institution; yet the bank was established

BANK OF WHITEHAVEN, LIMITED.

Head Office: WHITEHAVEN.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	8·04	—	69·11	77·15	17·72	17·08	34·80	57	£ 197,060

9853 Shares of £30 each, and £10 paid.

Paid-up Capital - £98,530. Reserve Fund - £95,000.

so long ago as 1837, therefore numerous statements have been issued since its first birthday. Its liabilities to the public are stated as—

Notes in circulation	£8,460
Short-dated drafts &c.	6,278
Deposit, current, and other accounts	541,263
	£556,001

£44,737 is given as cash in hand and at call, and its ratio to the above liabilities will be found in our first column. As call money is lumped with cash, 8·04 strikes one as a remarkably small proportion.

Investments are not specified; and, as though to further vitiate the statement, loans at short notice are bracketed therewith, making a total of £384,299, or 69·11 to liabilities, while the ratio of total liquid assets, 77·15, is a very strong one, thereby proving that this little bank, whenever it cares to make the experiment, can so proportion its assets as to render its position very strong indeed, and it seems a pity that it does not put its house in order, for its cash in hand is much too small to be compatible with safe banking. The last dividend was at the rate of 11¼ per cent. for the year.

BARCLAY AND COMPANY, LIMITED.

Were one to attempt to give a list of the numerous firms and companies which were suddenly swept off the face of this little island, and merged their identity in Barclay and Company, Limited, it would prove a weariness to the flesh, but doubtless all are enjoying the more solid comforts of amalgamated society.

Current, deposit, and other accounts are stated as £34,323,736, and cash in hand, at Bank of England, and

BARCLAY AND COMPANY, LIMITED.

Head Office: 54 LOMBARD STREET, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	14·09	11·34	26·89	52·32	7·04	2·91	9·95	54·62	£ 3,625,200

302,100 Shares of £20 each, and £8 paid.

Paid-up Capital - £2,416,800. Reserve Fund - £1,000,000.

with other banks as £4,836,678, showing a ratio of 14·09, which will be found in our first column—a good percentage.

Money at call and short notice amounted to £3,893,500, and investments to £9,232,398, whilst the ratio of total liquid assets, 52·32, proves that the bank is prudently managed. One cannot, however, learn from the balance sheet of what the investments consist; and it seems a pity that so bald a statement should be thought sufficiently informing when, in reality, it immediately suggests a doubt as to whether or not the securities, were they specified, would prove satisfactory. A company which owes the public some thirty-four millions also owes it a more detailed statement of its assets, for "investments" may cover a multitude of sins; and it is somewhat remarkable that more information should not be vouchsafed under this heading, when the absence of it only gives rise to speculation and suspicion, probably when everything is in order. Barclay's is a credit institution, which owes over thirty-four millions and possesses £52·32 of liquid assets with which to pay each £100 of its indebtedness; and as its credit is its life, one looks for a little more information in the balance sheet than—investments, so much.

Advances and bills discounted amounted to £18,750,483, and £1,027,476 was locked up in bank premises and adjoining properties, whilst liabilities upon acceptances were £250,184. The number of shareholders is stated in *The Banking Almanac* for 1901 as 578.

BARING BROTHERS & CO., LIMITED.

As this firm does a large business in bills, acceptances have been added to deposits, and the figures quoted on the next page are those upon which proportions are based.

BARING BROTHERS & CO., LIMITED.

Head Office: 8 BISHOPSGATE STREET WITHIN, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.
1900. 31 Dec.	—	27·44	17·09	44·53	12·26	1·19	13·45	68·39

£500,000 Five % First Preference Shares; £500,000 Six % Second Preference Shares; and £25,000 Ordinary Shares.

Capital - £1,025,000. Reserve Fund - £100,000.

Current Accounts	£3,826,175
Acceptances	4,532,185
	£8,358,360

Cash in hand, at call, and at short notice amounts to £2,294,171; and as the company does not state actual cash in hand separately in the balance sheet, the ratio will be found in the second division of our form. It is quite extraordinary how little some directors appear to know *à propos* of the relative value of assets to a credit bank. Indeed, as this ignorance appears so widespread, I am disposed to establish evening classes for the purpose of instructing bank directors and managing functionaries in the art of presenting a balance sheet to their members which shows at a glance the true position of the company.

British, Indian and Colonial Government, and other securities are given as £1,428,737, showing a ratio to liabilities of 17·09; but what is the value of such a total, from which one cannot gather the amount held of each variety, and so form a correct opinion as to the appropriateness of the different securities to the wants of a credit bank? whilst "other securities" appeals forcibly to the imagination. I quite believe that, were the various holdings specified, they would be found fairly proportioned among the said securities, though one might excusably form an opposite opinion, or at least ask that a little more light be shed upon them in the balance sheet.

Total liquid assets give a ratio of 44·53, which, seeing that acceptances are included with deposits, is distinctly good; therefore it seems a pity that the balance sheet is so uninforming.

Bills receivable, advances and acceptances amount to £5,716,906. £127,000 is locked up in premises, and liability on re-discounts and foreign bills negotiated amounts to £1,033,284.

BIRKBECK BANK.

Head Office: SOUTHAMPTON BUILDINGS, CHANCERY LANE, LONDON.

Date.	Ratio % of Cash in hand and with Bankers to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Capital to Liabilities to the Public.	Ratio % Reserve Funds to Liabilities to the Public.	Total Working Capital.	Ratio % Mortgages, Loans, &c., to Liabilities to the Public.
1900. 31 March	7·86	92·96	100·82	10·52	5·41	15·93	9·29

Capital:		Reserve Funds:	
A and B Shares ...	£481,700	Permanent Guarantee ...	£225,000
A Shares (subscribing)	465,558	Temporary Reserve ...	262,763
	£947,258		£487,763

BIRKBECK BANK.

Liabilities to the public are given as—

Current Accounts	£1,547,919
Deposit Accounts	7,372,213
Deposit Receipts	80,976
	£9,001,108

£707,691 represents cash in hand, and shows a ratio to the above liabilities of 7·86.

Investments are—

British Funds, Consols, National War Loan, Treasury Bills, Indian Stock, Bank Stock, Egyptian 3 %, and Local Loans	£2,035,035
Colonial Inscribed Stocks and Bonds and English Corporation Stocks...	1,446,440
English, Indian and Colonial Railway Stock and Debentures	794,707
Austrian, French, and Italian Rentes, Belgian, Danish, German, and Russian 3 %	720,260
Chilian, Dutch, Egyptian Tribute, Norwegian, Swedish, and other Foreign Bonds	485,098
American Railway Bonds, Foreign Railway Stocks and Debentures	451,272
Colonial and Indian Bank Deposits and Inscribed Stock Deposits	55,708
Canals and Docks, Commercial and Industrial Debentures, Brewery Stocks and Debentures ...	899,851
Financial Land and Investment Stocks, Trusts, Corporation Bonds and Debentures	529,332
Gas and Electric Lighting, Shipping, Telegraph, Tramways and Omnibus Shares and Debentures	387,180
New River Company (Adventurer's share)	94,350
New River Company's part King's Moiety share, and London Bridge Annuities, Water Works, Stocks, Shares and Debentures	438,605
	£8,337,838
Interest and dividends due 31st March (since received)	30,482
	£8,368,320

These give a ratio per cent. to liabilities of 92·96. The bank, then, has £100·82 of cash and securities to meet each £100 of its liabilities to the public. It follows, therefore, that its depositors are afforded ample security for every penny they leave with the bank; and I do not know another company which gives so large a guarantee to customers, while the balance sheet defines its position most lucidly. Like every other credit bank, the Birkbeck has to hold a certain proportion of cash in hand against liabilities; and the question is whether £7·86 to each £100 of its indebtedness to customers is sufficient. Seeing that every shilling of its public liabilities is fully covered, I am strongly disposed to think that it is; but, of course, every banking company has to accept certain risks; and the public, when the fever gets into its blood, treats balance sheets, be they ever so strong, with supreme contempt. The cry then is for gold; and a bankrupt institution which could make a great display of the precious metals might then escape, whilst a solvent bank whose list of securities was undoubted, but whose supply of legal tender was small, might be compelled to close its doors. It is evident, however, that the Birkbeck's position is an excellent one. In fact, the bank seems an ideal institution for depositors; for it is trading with the greatest prudence, and it is fully entitled to the confidence it enjoys.

Advances are—

Mortgages, loans, and property on hand ... £836,666

These show a ratio to liabilities of 9·29—a proportion which does not hamper the bank's banking business in the slightest.

£523,446 is invested in ground rents and premises.

BIRMINGHAM DISTRICT AND COUNTIES BANKING COMPANY, LIMITED.

Head Office: BIRMINGHAM.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	13·62	—	19·42	33·04	12·32	9·26	21·58	83·92	£ 2,450,000

153,125 Shares of £20 each, and £4 paid.

Paid-up Capital - £612,500. Reserve Fund - £460,625.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average. Distribution.
Highest	$9\frac{11}{16}$	$9\frac{1}{2}$	$9\frac{1}{4}$	$9\frac{1}{4}$	$9\frac{13}{16}$	$10\frac{1}{4}$	$11\frac{3}{8}$	12	$11\frac{3}{4}$	
Lowest	$8\frac{7}{8}$	$8\frac{3}{4}$	$8\frac{13}{16}$	$8\frac{1}{2}$	$9\frac{1}{16}$	$9\frac{3}{8}$	$9\frac{13}{16}$	$10\frac{1}{2}$	$10\frac{3}{4}$	
Dividend % ...	$12\frac{1}{2}$	$12\frac{1}{2}$	$12\frac{1}{2}$	$11\frac{1}{4}$	$11\frac{1}{4}$	$11\frac{1}{4}$	$13\frac{1}{8}$	$12\frac{1}{2}$	$13\frac{3}{4}$	$12\frac{7}{24}$

BIRMINGHAM DISTRICT AND COUNTIES BANKING COMPANY, LIMITED.

Deposit, current and other accounts are £4,969,592 in this instance; cash in hand, at Bank of England, and with agents is £676,902; and gives a ratio to the foregoing liabilities of 13·62—a fair proportion, assuming that the cash with agents is on demand, and not deposited with the bill-brokers, for it is noticeable that this bank makes no reference to money at short notice in its balance sheet.

Investments comprise—

Consols and Government Securities ...	£513,525
Colonial and Indian Government Bonds, Railway Debentures and Stocks, &c.	452,039
	£965,564

The "&c." is the one doubtful little item in the list. Indeed, the item "*et cetera*" in a balance sheet is altogether too vague and elusive; and, moreover, this company is not strong enough to make use of such a term, for its total liquid assets ratio, 33·04, is small, and the bank is obviously trading with too large a proportion of its deposits. The company, on the 31st December last, possessed £33·04 in cash and securities to meet each £100 of its indebtedness to the public, a percentage which seems none too large; whilst should it be caught with such a proportion during a crisis, and were its depositors to grow apprehensive, it would appreciate the force of my argument. Its directors would be well advised to increase the capital of the company to such an extent as would enable it to maintain a proportion of at least 40 per cent. of liquid assets to liabilities.

Bills discounted and loans and advances come to £4,170,729. Freehold and leasehold properties to the extent of £49,347 are held by the bank; and the amount locked up in premises is £180,173.

The bank's dividends, we see, show the downward and upward sweep of the cycle, and prices fell and rose in sympathy with them; but the dividend-paying capacity of a bank whose ratio of paid-up capital to liabilities is 12·32 must necessarily be small, whilst, as it is, the company has overtaxed its strength by paying away too much instead of adding more to the reserve fund, and thereby accumulating sufficient working capital to support its 83·92 of advances on a safer basis.

The undermentioned sum shows us at what price its shares should be bought in order to return a probable average dividend of $4\frac{1}{2}$ per cent. upon the capital invested for the next nine years:

$$\frac{12\frac{7}{24} \times 4}{4\frac{1}{2}} = 10\frac{25}{27}$$

Prices were considerably below these figures during the period in question; but a would-be purchaser has to consider, among other things, whether the bank will not have to increase its capital, and thereby reduce its dividend-paying capacity.

BOLITHO, WILLIAMS, FOSTER, COODE, GRYLLS & CO., LIMITED.

Liabilities on deposit and current accounts, &c., were, on the 31st December last, £5,536,344. Cash in hand and at call is represented by £629,078, and gives a ratio of 11·36 to the total aforesaid—a somewhat inadequate proportion. The mysteries of banking dim the eye and sadden the soul; but for all that it would be quite interesting to know the amount of actual cash in hand which Messrs. Bolitho hold at their branch offices, for, seeing that 11·36 includes cash at call, the proportion thereat to deposits must be considerably less. Again, in the event of a run, could a bank meet its liabilities promptly with such a ratio?

BOLITHO, WILLIAMS, FOSTER, COODE, GRYLLS & CO., LIMITED.

Head Office: PENZANCE.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	—	11·36	37·88	49·24	5·41	5·46	10·87	60·44	£ 1,200,000

30,000 Shares of £50 each, and £10 paid.

Paid-up Capital - £300,000. Reserve Fund - £302,500.

Investments in Government and in other stocks and securities are stated as £2,097,267, and show a ratio to deposits of 37·88, an excellent percentage; but the various holdings are not specified, consequently one gets no idea whatsoever *à propos* of whether or not they be adaptable to a banking business, and this seems a pity, for the ratio of total liquid assets, 49·24, proves that the firm is trading well within the margin of safety. Were Messrs. Bolitho to increase their cash in hand to 14 per cent. and to specify their securities, the probability is that their position would look extremely strong.

Advances and bills discounted are carried out as £3,346,633, and £65,865 is invested in bank premises.

BRADFORD BANKING COMPANY, LIMITED.

This is a truly remarkable balance sheet, which is drafted in so crude and unskilled a manner as to prove of but little value in estimating the true position of the bank; however, attention will be drawn to this question later on. Its liabilities to the public on the 31st December last are given as—

Deposits and credit balances ...	£2,213,495
Notes in circulation	22,170
	£2,235,665

Cash and bills on hand and with London and other bankers are represented by £463,202, which gives a ratio to liabilities of 20·71. Here we find that bills discounted are actually lumped with cash, and seeing that this bank is trading with much too large a proportion of its deposits, to wit, 93·53, *exclusive of the said bills*, whatever their total may be, it is evident that a company which trades on so

BRADFORD BANKING COMPANY, LIMITED.

Head Office: BRADFORD.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets plus Bills.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	—	20·71	12·79	33·50	18·24	7·82	26·06	93·53	£ 952,000

136,000 Shares of £10 each, and £3 paid.

Paid-up Capital - £408,000. Reserve Fund - £175,000.

undesirable a basis should particularise its liquid assets most minutely; yet this bank gives evidence of no sense of proportion whatsoever. Indeed, I am disposed to wonder whether those who are responsible for its management really understand the risk they are running; therefore I will, at the risk of becoming melodramatic, explain, for the benefit of its directors, functionaries, and customers, the value of bills as a liquid asset, for it is most unbusinesslike, to say the least, to class three assets, the liquidity of each of which is entirely distinct, and consequently of widely different importance to a bank during an emergency, in the same category, without giving readers the slightest idea of the cash equivalent of each.

At the present time, no doubt, the said bills could be re-discounted; but during a crisis—that is to say, at the very moment when their conversion into cash might become a pressing necessity—they would probably be useless to the bank. The large companies would then call in huge sums from the bill brokers, who, in their turn, would be compelled to ask help from the Bank of England. In short, a state of panic would exist; and if the Act were suspended, the Bank of England would ask for Government securities, not for trade bills, which, at such a time of shaken credit, would be practically unmarketable. Then why does the Bradford Banking Company bracket its bills with cash? Obviously bills are not a liquid asset; and a banker's balance sheet, to represent the true position of the company's state of preparedness to meet its obligations on demand, should be very differently compiled to this one.

Investments are—

Colonial Government Stocks ...	£209,323
Corporation Bonds and *other Securities*	76,783
	£286,106

The ratio to liabilities is 12·79. The proportion of total liquid assets, 33·50, is small in itself, but, seeing that bills are included therein, its importance is considerably vitiated, and 93·53 of advances to liabilities shows plainly enough that this bank should increase its capital to such an extent as will enable it to hold a ratio of liquid assets to liabilities of at least 40 per cent., for its present policy is certainly neither prudent nor wise.

Advances on current accounts are given as £2,091,071, and the amount invested in premises is £20,735, whilst the dividend paid for the year ended December, 1900, was at the rate of 7s. per share, or $11\frac{2}{3}$ per cent.; and seeing that its ratio of paid-up capital to liabilities is as high as 18·24, the bank appears to be straining its resources in order to distribute among its members dividends which are beyond its strength. Its policy is doubtless conducive to excellent dividends; but seeing that there is a liability of £7 upon each share, the members may well consider whether the game be worth the candle, for the bank is certainly not adequately prepared to meet those contingencies which threaten every credit institution.

BRADFORD COMMERCIAL JOINT STOCK BANKING COMPANY, LIMITED.

Bills and cash in hand are stated as £353,863; and cash with banking agents is given as £513,498, the two amounts equalling £867,362, and giving a ratio to deposits of 44·03—an excellent percentage, which is rendered nugatory by the absurd inclusion of bills with cash in hand. Surely those responsible must know that a balance sheet compiled in this fashion is an insult to the intelligence of their customers, who certainly appear to be quite devoid of the critical faculty, or a statement like this would not be accepted without comment. The same argument applies

BRADFORD COMMERCIAL JOINT STOCK BANKING COMPANY, LIMITED.

Head Office: BRADFORD.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets plus Bills.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Advances to Liabilities to the Public.	Uncalled Capital.
									£
1900. 31 Dec.	—	44·03	5·68	49·71	16·49	6·34	22·83	73·27	975,000

13,000 Shares of £100 each, and £25 paid.

Paid-up Capital - £325,000. Reserve Fund - £125,000.

Liabilities to the public are given as—

Deposits, Credit Balances, and Drafts on London	£1,960,629
Notes in circulation	9,015
	£1,969,644

here as in the case of the Bradford Banking Company, to which critique the reader can refer should he feel interested in this peculiar local custom.

Investments are—

Government, Corporation, and Debenture Stocks, £111,886.

These show a ratio per cent. to liabilities of 5·68, one of the smallest proportions held by any bank in the United Kingdom, whilst the holding in Government securities is not stated separately. Total liquid assets, including bills, give a ratio of 49·71; but it is quite impossible to form any opinion *à propos* of the value of these figures unless one know the amount of bills included with cash, and this information, wisely or unwisely, is withheld from us. However, 73·27 of advances to liabilities seems to imply that the bank is trading with too large a proportion of its deposits, though this ratio compares favourably with the Bradford Banking Company's 93·53.

Advances on current accounts and loans are given as £1,443,265, and the sum locked up in premises, which originally cost the bank £38,000, is £17,000, whilst its liabilities on acceptances are stated as £137,229. A dividend of eight per cent. was declared for the year ended December, 1900.

BRADFORD DISTRICT BANK, LIMITED.

Deposit, current, and other accounts are stated in the balance sheet as £1,538,299, and it is upon this sum that our proportions are based.

There must be something peculiar in the air of Bradford, something which engenders in its inhabitants a trustfulness and simplicity of character which is quite beautiful to behold at the dawn of the twentieth century, but from which a bad financial crisis in the commercial

world might speedily awaken them; for it is unfortunately true that the policy adopted by some of the local banks might—were one to develop—prove ruinous to the inhabitants of that city.

The Bradford District Bank goes one better than the two local banks already discussed, and calmly lumps cash, bills, money at call, and investments together, carrying out the total as £795,453, which shows a ratio to deposits of 51·71, but which, unfortunately, gives one not the remotest idea of the state of the bank's preparedness to meet its liabilities on demand, and tempts one to irreverently inquire why on earth it took the trouble to issue a balance sheet at all; for surely the compilers must know that a statement which does not give the exact amount of cash and investments separately absolutely precludes one arriving at the true state of a bank's position.

Advances are given as £1,260,327, and show a ratio of 81·92 to deposits. £53,746 is invested in premises, and £350 in stamps on hand. Now here we find that £1,314,423 is locked up in advances &c., whilst it owes £1,538,299 payable on demand or short notice, against which it holds cash, bills, money at call, and investments to the tune of £795,453. Could the bank out of this jumble of assets provide enough cash to meet a run during a crisis? If it cannot then it ought to add to its capital.

The dividend declared at the end of the December half-year was at the rate of $10\frac{5}{8}$ per cent. per annum upon a paid-up capital which stands at the ratio of 22·36 to deposits; and so far as one can judge from the bank's published figures, this distribution is beyond its strength. It is positively farcical to be told, as we most solemnly are, that the balance sheet exhibits a correct view of the state of the bank's affairs, when it is utterly impossible to learn therefrom its state of preparedness to meet its public liabilities on demand.

BRADFORD DISTRICT BANK, LIMITED.

Head Office: BRADFORD.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets plus Bills.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	—	—	51·71	51·71	22·36	13·16	35·52	81·92	£ 516,000

86,000 Shares of £10 each, and £4 paid.

Paid-up Capital - £344,000. Reserve Fund - £202,500.

BRADFORD OLD BANK, LIMITED.

Head Office: BRADFORD.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	13·0	—	16·35	29·35	18·25	6·57	24·82	94·03	£ 750,000

25,000 Shares of £50 each, and £20 paid.

Paid-up Capital - £500,000. Reserve Fund - £180,000.

BRADFORD OLD BANK, LIMITED.

It is a pleasure, after having grown almost accustomed to the peculiar statements of the Bradford banks, to discuss a balance sheet which is intelligently compiled and shows the true position of the company.

Liabilities to the public are given as—

Deposits	£980,220
Current Accounts, Drafts on London Agents, &c.	1,759,272
	£2,739,492

Cash at head office and branches is stated as £117,220, and money at call at London and other bankers as £238,935, the total, £356,155, showing a ratio of 13·0 to the liabilities stated above. We see, then, that the company has only £4·27 of actual cash in hand at its head office and branches to meet each £100 of its indebtedness at call and short notice; and one wonders how it would act were large balances suddenly withdrawn from its custody. However, it possesses money at call with other bankers to the tune of £238,935, which, together with cash in hand, gives a ratio of 13 per cent. to liabilities—a respectable proportion.

Investments are described as under—

In Consols, Railway and other Debenture Bonds and Stocks, Colonial Government Securities, County and District Council and other Bonds, Shares and Debentures in Joint Stock Companies	£392,696
Freehold Properties	55,238
	£447,934

These show a ratio of 16·35 to liabilities. Of course, one cannot say from this vague adumbration of securities what is their value from the point of view of a vessel in distress, but we find in the place of "&c." Freehold properties, £55,238, thereby, perhaps, explaining the meaning of this mysterious contraction in the statements of the other companies; and it is extremely interesting, even edifying, to learn that "&c.," when used at the end of a bank's list of investments, appears to stand for a class of security in which no bank ought to invest—to wit, house property and land—and which therefore, if held, should at least be specified openly in the balance sheet. Such candour on the part of the Bradford Old Bank comes like a little ray of sunshine through a November fog, and calls forth a responsive glow of pleasurable appreciation of its honesty.

The proportion of total liquid assets to liabilities is much too small; and the ratio of bills and advances to deposits, 94·03, confirms the impression that the bank is trading with too large a proportion of its deposits to allow of its maintaining an adequate reserve of cash and securities against its liabilities to the public. It possesses £29·35 in liquid assets with which to meet each £100 of its indebtedness to customers; and the task seems a difficult one.

Advances are stated as—

Loans on Stock and other Securities ...	£420,299
Advances on Current Accounts	1,868,338
Bills Discounted	287,399
	£2,576,036

£74,250 is locked up in premises, £649 in stamps on hand, and the bank's liability upon acceptances and endorsements amounts to £73,868.

The dividend declared for the half-year ended December last was at the rate of nine per cent. per annum.

BRITISH MUTUAL BANKING COMPANY, LIMITED.

Head Office: BANK BUILDINGS, LUDGATE CIRCUS, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	11·38	—	9·38	20·76	9·77	6·56	16·33	94·95	£ 97,920

30,000 Shares of £5 each, and £1 10s. paid.

Paid-up Capital - £52,080. Reserve Fund - £35,000.

BRITISH MUTUAL BANKING COMPANY, LIMITED.

This bank's deposit and current accounts amount to £532,857; and cash in hand and with bankers is given as £60,689, showing a ratio of 11·38 to the first-named figures.

Investments are all enumerated in the balance sheet, and amount to £50,000, giving a ratio to liabilites of 9·38. The list, which is a strong one, contains—

£15,365 Consols, cost £14,903.
£8,000 India $2\frac{1}{2}$ %, cost £7,445.
£17,403 Cape 3 %, cost £16,974, &c.

Total liquid assets' ratio to liabilities, 20·76, seems inadequate to the risks of a banking business; and the proportion of advances to deposits, 94·95, shows that the bank is trading too close to the margin of safety. It has £20·76 of cash and good securities in hand to meet each £100 of its liabilities; and though in normal times this might prove sufficient, a crisis would in every probability, did its depositors then make a call upon it, prove too great a strain upon its resources. Therefore its present policy, despite its excellent list of securities, cannot be called a safe one, for its capital is obviously too small to support a ratio of loans and advances of 94·95.

£7,190 is locked up in premises, and the last dividend was at the rate of five per cent. per annum. Loans and advances are given as £505,965.

BUCKS AND OXON UNION BANK, LIMITED.

Deposit, current, and other accounts are given in the balance sheet as £1,080,630; and cash in hand, with agents, at call and short notice, is stated as £127,187, showing a ratio of 11·76, which is too small. Indeed, it would be distinctly interesting to learn the amount of

BUCKS AND OXON UNION BANK, LIMITED.

Head Office: BUCKINGHAM.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	—	11·76	47·84	59·60	7·4	3·65	11·05	49·2	£ 320,000

16,000 Shares of £25 each, and £5 paid.

Paid-up Capital - £80,000 Reserve Fund - £39,500.

cash this bank holds in readiness in its safes, as the ratio before mentioned plainly indicates that the said safes are not groaning under the piles of specie deposited in them.

Investments are—

Investments in Public Securities	£502,661
Freehold Investments	14,327
	£516,988

Brevity is often sweetly refreshing, but in this instance one would like to know whether the bank's investments be of a desirable nature; and the balance sheet maintains a discreet and lofty silence on the subject. However, 47·84 is a very strong proportion indeed if the securities be specially adapted to meet the requirements of a banking business.

Bills, loans, and advances amount to £531,699, giving a ratio to liabilities of 49·2; and though the bank's cash in hand is much too low, it is evident that it can adopt a safer policy whenever it may choose, for its liquid assets seem abundant.

£34,500 is invested in premises, and the distribution for the year was at the rate of 17½ per cent. The bank's paid-up capital is small, consequently its dividend is proportionately great, and with the exception of the smallness of its cash in hand it seems well able to support large distributions.

CAPITAL AND COUNTIES BANK, LIMITED.

The Capital and Counties Bank is of an omnivorous disposition, but its dividends do not appear to have been improved greatly thereby. Deposits and other accounts are stated in the balance sheet as £21,246,605, and cash at head office, branches, and at Bank of England is given

CAPITAL AND COUNTIES BANK, LIMITED.

Head Office: 39 THREADNEEDLE STREET, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 30 June	15·05	9·56	24·10	48·71	4·70	3·52	8·22	57·53	£ 4,000,000

100,000 Shares of £50 each, and £10 paid.

Paid-up Capital - £1,000,000. Reserve Fund - £750,000.

	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$41\frac{1}{2}$	$38\frac{3}{4}$	34	$34\frac{1}{4}$	$37\frac{3}{8}$	$40\frac{1}{2}$	$40\frac{1}{4}$	$40\frac{7}{8}$	$41\frac{1}{4}$	$40\frac{5}{8}$	
Lowest	38	$33\frac{1}{2}$	$30\frac{1}{2}$	32	$33\frac{5}{8}$	36	$37\frac{1}{2}$	$38\frac{1}{2}$	$37\frac{3}{4}$	$38\frac{1}{4}$	
Dividend % ...	18	16	16	16	16	16	16	16	16	17	$16\frac{3}{10}$

as £3,197,769, showing a ratio of 15·05 to the first-named figures—a very good proportion.

Money at call and short notice amounts to £2,031,855, and the proportion to liabilities may be seen in the second division of our form.

Investments comprise—

Consols and other British Government Securities	£2,409,940
India Government Stocks, English Railway Debenture and Preference Stocks, and Colonial Government Stocks and Bonds	1,715,003
English Corporation Stocks and other Investments	995,644
	£5,120,587

There is just a tinge of mystery in "and other Investments" which may appeal to the sceptical, but the bank's balance sheet is so strong that perhaps this little generality only adds zest to an extremely dry and matter-of-fact statement, though, unfortunately, the bank cannot be congratulated upon its originality, for this somewhat doubtful description of, assumably, stocks and shares is adopted by other and weaker banks with irritating frequency.

The ratio of total liquid assets to deposits, 48·71, is good, and the bank's assets are so arranged that it should be well able to take care of itself during a crisis.

Bills, loans, and advances are given as £12,224,548. The bank's liability upon acceptances is £1,264,294, and for endorsements £20,718, while £468,841 is locked up in premises.

Coming to its dividends, their history is somewhat puzzling, and shows a falling away rather than an accretion.

From 1886 to 1891 the bank distributed 18 per cent., which fell to 16 in 1892, and, strangely, did not improve during 1896, 1897, 1898, and 1899, all of which were years of expanding trade and dear money, but for 1900 the dividend was 17 per cent.; and 18 per cent. was paid in December last. Its amalgamations seem rather to have retarded than increased its dividend-paying capacity; and one wonders what effect its more recent annexations will have upon it in this respect, for past experiences do not seem to have improved its distributions.

The following sum shows us at what price its shares should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. on the purchase money:—

$$\frac{16\frac{3}{10} \times 10}{4\frac{1}{2}} = 36\frac{2}{9}$$

CARLISLE AND CUMBERLAND BANKING COMPANY, LIMITED.

Liabilities to the public are given as—

Deposit, Current, and other Accounts ...	£911,332
Notes in circulation	24,030
	£935,362

Cash in hand, money at call and notice, and *bills discounted* are mixed together in dire confusion, so that £79,357, the amount carried out against them, is a mere jumble of figures, which do not supply a true index to the bank's position. Then what is the use of the balance sheet? The bank, on 31st December last, possessed £8·48 of cash, call-money, and bills, each item amounting to goodness knows what, and the total aggregating £79,357, with which to meet every £100 of its deposits on demand and at notice; and it seems to me that such a policy is an extremely risky one.

CARLISLE AND CUMBERLAND BANKING COMPANY, LIMITED.

Head Office: CARLISLE.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets plus Bills.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	—	8·48	17·4	25·88	10·69	9·08	19·77	92·88	£ 300,000

20,000 Shares of £20 each, and £5 paid.

Paid-up Capital - £100,000. Reserve Fund - £85,000.

Were the ratio 8·48 held in actual cash, it would be a weak one; but seeing that bills are included therein, one wonders how the bank could have met a large withdrawal of deposits in December last, and, of course, it is not adequately equipped to deal with so severe a strain as a crisis.

Investments are—

Reserve Fund, in Consols (£20,000, in balance sheet as £19,000), Corporation Stocks, British Railway Debenture and Preference Stocks	£85,000
Corporation Stocks, British Railway Debenture, Preference, and Ordinary Stocks	77,815
	£162,815

These show a ratio to liabilities of 17·4, and the total proportion of liquid assets, 25·88, would be totally inadequate to meet the risks of credit banking, even did the various items composing it consist entirely of Government securities and cash; and such is very far from being the case in the present instance.

Loans and advances on current accounts are given as £868,813, and show a ratio of 92·88 to liabilities. Remembering that bills discounted are included with cash in hand, this percentage indicates plainly enough that the bank is trading with too large a proportion of its deposits.

Its state of preparedness is as undermentioned—

LIABILITIES TO THE PUBLIC.

Notes in circulation	£24,030
Deposits, Current, and other Accounts ...	911,332
	£935,362

LIQUID ASSETS.

Cash in hand, at call and notice, *plus Bills*	£79,357
Investments	162,815
	£242,172

The crux of the situation is to be found in the company's distributions. Its paid-up capital stood at a ratio of 10·69 to liabilities; and it distributed thereupon for the year ended December last a dividend of 19 per cent. Now, no credit bank in existence, with such a proportion of paid-up capital to deposit, can divide £19,000 among its shareholders, and, at the same time, conduct its business on a safe basis. The Capital and Counties, which paid 18 per cent., shows a ratio of 4·70; the London and County's 22 per cent. was distributed upon a ratio of 4·41; the London and South-Western's 16 per cent. on a ratio of 6·75. These three banks can perform this feat and maintain good reserves because their proportions of paid-up capital to liabilities are small; but the Carlisle and Cumberland Bank, when it attempts to emulate their gymnastics upon a ratio of 10·69, can only do so by adopting a policy which, if largely indulged in by the banks of this country, would in the end shatter public confidence and spread ruin throughout the length and breadth of the land. This argument applies to the somewhat numerous provincial banks which neglect to maintain a fair ratio of liquid assets to liabilities.

£21,100 is locked up in premises; and it would appear that, though quite solvent, this bank ought to increase its capital in order to be in a position to keep a better reserve of liquid assets against its liabilities to the public.

CORNISH BANK, LIMITED.

Head Office: TRURO.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	8·47	—	44·04	52·51	10·16	13·16	23·32	69·72	£ 349,400

60 Shares of £50 each, and £25 paid. 9,940 Shares of £50 each, and £15 paid.

Paid-up Capital - £150,600. Reserve Fund - £195,000.

CORNISH BANK, LIMITED.

Deposit and current accounts are stated as £1,481,443. Cash in hand, at Bank of England, and with London bankers is given as £125,596, and shows a ratio to the foregoing liabilities of 8·47, a somewhat small percentage.

Investments are—

Consols (£100,000) and Securities of or guaranteed by British, Indian, and Colonial Governments	£217,391
English and Foreign Railway Stocks (debenture, preference, and ordinary) and Foreign Bonds	363,533
Preference Stocks, Mortgage Bonds, and other Investments	71,558
	£652,482

The ratio, 44·04, is an excellent one; and the proportion of total liquid assets to liabilities, 52·51, were the cash in hand a little more, would leave nothing to be desired.

Advances and bills are represented by £1,032,987, giving a ratio per cent. to liabilities of 69·72, which the bank can support easily; and, needless to say, its position is such as should inspire both customers and members with confidence in those who direct its affairs.

The amount locked up in premises is £42,649. A sum of £50,000 was taken from the reserve fund and earmarked as a contingent fund to provide for depreciation in investments, but a really good list would suffer much more in capital value from, say, 1897 to 1900 than a speculative one. Gilt-edged securities always cheapen when trade is good and money is dear, and as the directors point out an accretion may confidently be expected, given normal con-

ditions, when a period of cheap money sets in; consequently there is no occasion for uneasiness at such a transfer.

Twelve-and-a-half per cent. was distributed for the year ended December last upon a capital which stands at a ratio of 10·16 to liabilities; and if the reader would like to compare a prudent with a risky policy, the preceding critique will supply the contrast.

CRAVEN BANK, LIMITED.

Cash in hand is stated as £119,804, and with bankers £349,081, giving a total of £468,885, and a ratio to liabilities of 15·04, which, assuming that bankers' balances are on demand, is a good proportion.

£119,804, I take it, was the amount of cash in hand at the head office and branches, and if this be the case then a ratio of 3·84 to liabilities would seem to imply that the company has implicit faith in Providence; for it certainly could not have met very large withdrawals of deposits at its various branches on the 31st of December last without putting itself to a considerable amount of inconvenience. Indeed, £3·84 to each £100 of liabilities might tempt a large customer with strongly-developed sporting instincts to try his hand at breaking a branch bank, for to be known as the man who broke the bank would surely make him quite a local celebrity.

Investments are—

£100,000 Consols $2\frac{3}{4}$ %	£93,994
Debenture and Preference Stocks &c. ...	228,722
	£322,716

Here the ratio is 10·35, and the proportion of total liquid assets to liabilities, 25·39, tells us plainly enough that the bank is trading with too large a proportion of its deposits,

CRAVEN BANK, LIMITED.

Head Office: SKIPTON.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	15·04	—	10·35	25·39	6·74	4·49	11·23	83·86	£ 690,000

30,000 Shares of £30 each, and £7 paid.

Paid-up Capital - £210,000. Reserve Fund - £140,000.

Liabilities to the Public are as under:—

Deposits and Current Accounts &c.	£3,044,660
Drafts on London Agents	71,024
	£3,115,684

and neglecting to insure its business against those accidents which may happen to a credit institution at any moment.

The ratio of advances to liabilities, 83·86, is beyond the bank's strength. Bills are given as £82,682, loans on securities £75,497, and advances to customers £2,454,941, the aggregate, £2,613,120, giving the ratio aforesaid.

£84,841 is invested in premises, and £1,460 in stamps.

The dividend distributed for the half-year ended December last was at the rate of 15 per cent. per annum, and it is evident that the bank, in order to increase its liquid assets to a safer proportion and thereby strengthen its position, should add to the capital of the company.

CROMPTON AND EVAN'S UNION BANK, LIMITED.

The bank does not give its cash in hand separately, but jumbles it up with money at call and short notice; so it is impossible to learn its true state of preparedness to meet its liabilities. £827,574 is thus treated, and the ratio has been placed in the second division of our form.

Investments are—

Government Securities (Consols, Exchequer Bonds, and War Stock) ...	£399,636
Debenture, Preference Stocks, and other Investments	479,437
	£879,073

These show a ratio of 19·67 to liabilities; and the proportion of total liquid assets, 38·19, though fair, seems hardly sufficient, whilst it would be distinctly interesting to know the value of cash in hand, and also the list of securities qualified by "other," for the bank's policy is not sufficiently strong to allow of these little deviations being passed over in silence.

CROMPTON AND EVAN'S UNION BANK, LIMITED.

Head Office: DERBY.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	—	18·52	19·67	38·19	5·59	5·93	11·52	71·14	£ 1,000,000

62,500 Shares of £20 each, and £4 paid.

Paid-up Capital - £250,000. Reserve Fund - £265,000.

Liabilities to the Public are given as £4,467,302.

Bills discounted and advances come to £3,178,382, and show a ratio to deposits of 71·14, which appears a little too large for the bank to support comfortably, while £97,270 is locked up in premises. Altogether, the company seems in a fair state of preparedness to meet its obligations, but its position cannot be called a strong one.

CUMBERLAND UNION BANKING COMPANY, LIMITED.

The Cumberland Union Bank publishes a very full balance sheet.

Liabilities to the public are stated as—

Notes in circulation	£31,525
Deposits, Current Accounts, and Drafts	2,132,405
	£2,163,930

Cash—

On hand, at head office and branches...	£133,520
With London and other Bankers and in transit	120,380
	£253,900

The ratio of the latter to the former is 11·73; and it cannot be said to be a very strong one, though, perhaps, sufficient under normal conditions, while £133,520 is interesting as showing the actual amount of cash in the safes at the head office and branches. This works out at a ratio of 6·17; so the bank held £6·17 in readiness to meet each £100 of its obligations; and as the chief office would be the principal store house, possibly the proportion was less at some of the branches. As a matter of fact, though this seems very little, I have reason to think that the branch offices of the large banks are not much better supplied; and it is quite possible that the large amounts of cash in the balance sheets have been swelled by sums called in from the market for the purpose.

CUMBERLAND UNION BANKING COMPANY, LIMITED.

Head Office: CARLISLE.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Short Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	11·73	—	27·32	39·05	11·55	7·39	18·94	75·09	£ 350,000

20,000 Shares of £30 each, and £12 10s. paid.

Paid-up Capital - £250,000. Reserve Fund - £160,000.

Investments are given as—

Consols, Indian Railway Stocks, and Colonial and Foreign Government Stocks	£228,290
£160,000 $2\frac{3}{4}$% Consols (£15,000 held by County Council)	160,000
Harbour Bonds	20,460
Railway Preferred, Ordinary, and Debenture Stocks, and other Debentures and Debenture Stocks	140,602
Pallaflat Iron Ore Co., Limited, and other Shares	32,407
Sundry Investments	9,491
	£591,250

The above gives a ratio to liabilities of 27·32, and the ratio of total liquid assets, 39·05, though by no means excessive, is a fair proportion.

Bills discounted and advances &c. are stated as £1,624,964, which gives a ratio of 75·09 to liabilities; and as the bank's working capital is fairly large it can support a good percentage, though this seems, perhaps, a little too high. The company certainly has no liquid assets to spare, and its position is not a strong one, but, on the other hand, it compares favourably with many of the provincial companies. In this instance there are special reasons which render a stronger reserve desirable.

Among advances are included "Sundry Advances on Real and other Securities," £268,157, and "Suspense Account," £28,934, the sum total, £297,091, being larger than the bank's paid-up capital. The auditors, in their report, state that a very large proportion of the first item must be considered as lost, and, such being the case, the bank ought to keep its cash reserve very strong indeed in order to inspire its customers with the utmost confidence. Under the circumstances from 45 to 50 per cent. of liquid assets

seems desirable, and such a proportion can only be held by adding to the capital of the company. What a pity it is that directors do not understand that a credit bank, from the nature of its construction, can only afford to take extremely small risks, which should be distributed amongst as many of its customers as possible, so that the company be not saddled with two or three large bad debts, which require a deal of profit to wipe out.

The last dividend declared was at the rate of 6 per cent. per annum, a reduction being necessary to supply funds towards the liquidation of Suspense Account.

Premises are put down at £70,967. Other property yielding rent, which has not been included in liquid assets, is given at £40,215, and stamps on hand are stated as £1,754.

DEVON AND CORNWALL BANKING COMPANY, LIMITED.

£4,155,396 is given in the balance sheet as representing deposits, credit, and other accounts. Balances with bankers and brokers, and cash at head office and branches is stated as £496,687, which works out at a ratio of 11·95 to liabilities—a somewhat small proportion, seeing that call money is lumped with actual cash.

Investments comprise—

£600,000 Consols at 92, Exchequer Bonds, Bank of England Stock, Indian and Colonial Government Securities, and Railway and Municipal Stocks	£1,734,195

Here we get the very large ratio of 41·73 to liabilities; and although the bank's cash in hand seems too small to be compatible with sound banking, yet it is also evident that it can strengthen its position in that respect whenever it may choose, while the total ratio of liquid assets, 53·68, is distinctly good.

DEVON AND CORNWALL BANKING COMPANY, LIMITED.

Head Office: PLYMOUTH.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	—	11·95	41·73	53·68	5·26	6·16	11·42	56·07	£ 1,031,250

10,000 Shares of £100 each, £20 paid. 2,500 Shares of £100 each, £7 10s. paid.

Paid-up Capital, £218,750. Reserve Fund, £256,250.

Advances and bills discounted are represented by the sum of £2,330,100, which gives a ratio to liabilities of 56·07, a proportion the company can support with ease. £103,276 is locked up in premises.

The ratio of paid-up capital to liabilities is only 5·26, consequently, the bank's dividend-paying capacity is large, and the dividend of 20 per cent. distributed for the year ended December last seems to have been earned without any great effort on its part, so both members and customers alike have every reason to be satisfied with the position of the company.

GRANT AND MADDISON'S UNION BANKING COMPANY, LIMITED.

Deposits and current accounts are stated as £647,057. Cash in hand, at call, and short notice is £133,759, which gives a ratio of 20·67 to the foregoing total; but as the bank makes no distinction between cash in hand and money at short notice, its state of preparedness to meet all demands at a moment's notice must remain a matter for conjecture—one of those little banking puzzles which are just beginning to attract the attention of the wise men of finance and fictions.

Investments are—

British Government Securities	£110,000
Indian and Colonial Government Securities	23,646
English Corporation Stocks	23,213
English Railway Debenture, Guaranteed, Preference, and Ordinary Stocks ...	67,750
Sundry Debenture and other Stocks ...	22,537
	£247,146

The list is well arranged, and seems a strong one, while its ratio to liabilities, 38·19, is good; and the total proportion of liquid assets, 58·86, proves that the bank's policy is a safe

GRANT AND MADDISON'S UNION BANKING COMPANY, LIMITED.

Head Office: PORTSMOUTH.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
									£
1900. 30 June	—	20·67	38·19	58·86	17·30	6·02	23·32	58·58	238,000

7,000 Shares of £50 each, and £16 paid.

Paid-up Capital - £112,000. Reserve Fund - £39,000.

one, and that it is quite able to support its bills and advances of £379,068. The sum locked up in premises is £44,455.

With a ratio of paid-up capital to liabilities of 17·30, sensational dividends are out of the question; and the last half-yearly distribution was at the rate of 10 per cent. per annum. By adopting a prudent policy of this description the bank should be able to please both shareholders and customers.

GUERNSEY BANKING COMPANY, LIMITED.

This bank's indebtedness to the public amounts to—

Notes in circulation	£39,200
Amounts due to customers	221,593
	£260,793

Its principal liquid asset is described in the following amazing fashion:—Cash, notes, and bills in hand and in hands of agents, £24,719, which shows a ratio to its public indebtedness of 9·47. The precise value of this conglomeration is decidedly difficult to ascertain unless one be gifted with second sight; but we do know that the bank possesses £9·47 of the cash-and-bill mixture aforesaid to meet each £100 of its public liabilities, and how it could do it were there a sudden demand upon its resources passes my understanding; but possibly those responsible may have a theory, which ought to prove highly instructive. I, also, have a theory—to wit, that this is bad banking.

Investments are—

£20,000 Consols and £10,000 $2\frac{1}{2}$% Annuities at par, representing Reserve Fund ...	£30,000
States Bonds	825
Rents and other Bonds	7,928
Other Property	3,651
	£42,404

GUERNSEY BANKING COMPANY, LIMITED.

Office: HIGH STREET, ST. PETER PORT.

Date.	Ratio % of Cash, Notes, and Bills in hand and with agents to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets plus Bills.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Funds to Liabilities to the Public.	Total Working Capital.	Ratio % Advances to Liabilities to the Public.	Uncalled Capital.
1900. 30 June	9·47	16·25	25·72	19·13	13·42	32·55	110·24	£ 200,000

5,000 Shares of £50 each, and £10 paid.

Paid-up Capital - £50,000. Reserve Funds - £35,000.

These give a ratio of 16·25; and total liquid assets proportion, 25·72, even were bills not included therein, would be much too small a ratio for a credit institution to hold with safety, whilst as it is the amount is unsatisfactory in the extreme.

Advances to customers are given as £287,517, and show a ratio of 110·24, but if bills, which are disporting themselves in the cash-and-bill mixture, were added to advances, then what ratio would this already excessive proportion assume? The question is a serious one for the company's members and depositors; for £25·72 of cash, bills, and securities is not a sufficient amount to hold in hand against each £100 of liabilities; and the bank, were it called upon to face a run, would find the situation a difficult one, while during a crisis it would not stand a ghost of a chance. Its present capital of £50,000 is much too small for the requirements of the business, and the directors ought to add thereto to such an extent as will enable them to maintain a proportion of liquid assets to liabilities, exclusive of bills, of 40 per cent., when the company's policy would be safer for both customers and members.

The bank's ratio of paid-up capital to public liabilities is 19·13, a large one, therefore we should expect small distributions; but the dividend paid for the year ended the 30th June, 1900, was at the rate of 13 per cent., 26s. being apportioned to each share. A credit bank which pays upon a ratio of 19·13 is risking too much when it distributes such a dividend, and it is painfully apparent, from the Guernsey Banking Company's proportions in our form, that the institution is being worked on lines which are utterly at variance with a safe banking policy. If we turn to the previous critique, it will be seen that Grant and Maddison, whose business is conducted on a sound basis, distributed 10 per cent. upon a ratio of 17·30; and the bank in question could not do better than follow that

example. Indeed, an addition to the capital of the Guernsey Banking Company seems an imperative necessity in the interests of both its customers and its shareholders.

The sum invested in premises is £2,500.

HALIFAX AND HUDDERSFIELD UNION BANKING COMPANY, LIMITED.

This bank's liabilities to the public are given as—

Notes in circulation	£5,745
Deposit and Current Account balances...	1,434,020
	£1,439,765

Cash on hand and at call is put down at £128,789, showing a ratio of 8·94 to the previous total. The bank, then, possessed £8·94 of cash in hand and at call to meet each £100 of its public liabilities; and it was perhaps fortunate that it was not called upon to make the experiment, for this proportion is dangerously small as a reserve to meet the risks of credit banking. Again, why was not the amount of actual cash entered separately in the balance sheet? It is only reasonable that one should be suspicious *à propos* of the ratio of actual cash in hand when a bank lumps specie with call money, and, moreover, this bank is not in a position to take liberties with the public.

Investments are described in the following light and airy fashion :—

Consols and other Securities ... £118,676

Their ratio is 8·24 to liabilities, and the proportion of total liquid assets, 17·18, is obviously inadequate, and shows plainly enough that the bank has adopted a policy which, if largely indulged in by the banks of this country, would some day spread ruin and misery in every direction. With a ratio of total liquid assets of 17·18 this bank might

HALIFAX AND HUDDERSFIELD UNION BANKING COMPANY, LIMITED.

Head Office: HALIFAX.

Date.	Ratio % of Cash in hand and at Call to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	8·94	8·24	17·18	20·83	6·94	27·77	110·2	£ 900,000

30,000 Shares of £40 each, and £10 paid.

Paid-up Capital - £300,000. Reserve Fund - £100,000.

require outside aid to meet a sharp run, whilst during a panic its fate would be precarious in the extreme.

As to investments, it is positively farcical to give them in the manner above cited, for the entry may, or may not, consist of those securities which can readily be converted into cash, or which would be accepted by the Bank of England did the bank apply for help. It is true that the word "Consols" is mentioned, but what is the extent of the holding—£100 or £30,000? And, pray, what is the nature of the securities qualified by that ambiguous little word "other"? Unless one knows, the balance sheet is lacking in most essential details. Indeed, it is stupid to ask one's customers to accept such a statement when it is a bank's business to inspire confidence by supplying the fullest particulars concerning its cash, call money, and investments, instead of enshrouding its liquid assets in doubt and mystery, and thereby inviting awkward questions, which a well-compiled balance sheet would render quite unnecessary.

Advances are put down as—

Bills on hand	219,152
On Current Accounts	1,367,529
	£1,586,681

Here we find a ratio of 110·2. In other words, the bank's deposits and notes in circulation come to £1,439,765, and its advances and bills discounted to the total above; so the company is actually using in the business £146,916 in excess of public liabilities, which are at call and short notice, and against which it holds only £17·18 per cent. of cash on hand and at call, *plus* securities, to meet any sudden demand. Obviously, then, the bank should increase its capital to such an extent as will provide an accretion of, say, 23 per cent. to the liquid assets aforesaid, in order that its business be conducted on a sound basis.

£37,564 is invested in premises.

The bank's paid-up capital stands at a ratio of 20·83 to public liabilities; consequently, its dividend-paying capacity is small, and the distribution of eight per cent. for the year ended December last seems considerably beyond its strength.

HALIFAX COMMERCIAL BANKING COMPANY, LIMITED.

Liabilities to the public are put down in the balance sheet as—

Notes in circulation	£5,765
Deposits, Credit Balances, Drafts, &c. ...	1,154,498
	£1,160,263

Cash in hand and at call are mixed up together, the total, £226,529, showing a ratio of 19·52 to liabilities—a good proportion, but vitiated by the manner in which it is entered in the balance sheet.

£143,251 is described as invested in Consols, railway debentures, stock, Colonial bonds, &c. Now, this long string of descriptive words conveys no impression whatever to the mind *à propos* of the value of these liquid assets; and it seems a pity that the individual who compiled the statement did not confine himself to the use of the "&c.," which would have proved equally as informing as the long rigmarole of securities, unaccompanied by figures representing the amount of the bank's holding in each variety; for the question is: "How much of the £143,251 represents 'Consols,' and how much '&c.'?" The proportion to liabilities of investments &c. is 12·34; and the ratio of total liquid assets, 31·86, proves that the company, when it increased its capital, did not add sufficiently thereto, for another 10 per cent. of liquid

HALIFAX COMMERCIAL BANKING COMPANY, LIMITED.

Head Office: HALIFAX.

Date.	Ratio % of Cash in hand and at Call to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
								£
1900. 30 June.	19·52	12·34	31·86	17·23	8·61	25·84	93·86	200,000

20,000 Shares of £20 each, and £10 paid.

Paid-up Capital - £200,000. Reserve Fund - £100,000.

assets seems necessary to enable the bank to support a ratio of 93·86 of advances to liabilities, and, at the same time, to be in a position to hold £40 of liquid assets to each £100 of its indebtedness to the public—a by no means excessive state of preparedness for a credit institution. The bank's bills discounted and advances are given as £1,089,115, showing the proportion aforesaid.

£18,943 is invested in premises and £333 in stamps, whilst the dividend distributed for the year ended 30th June last was at the rate of eight per cent.

HALIFAX JOINT STOCK BANKING COMPANY, LIMITED.

Liabilities to the public are as undermentioned—

Notes in circulation	£10,770
Deposits and Current Accounts &c. ...	3,135,636
	£3,146,406

Cash in hand, at call, and at short notice is £496,906, which gives a ratio of 15·79 to liabilities.

Investments comprise—

£250,000 Consols	£235,000
£48,320 Colonial Government and other Stocks	45,896
	£280,896

These give a ratio of £8·92 to deposits, and the amount of Consols included therein is most satisfactory. However, 24·71, the proportion of total liquid assets, is disappointing, and proves plainly enough that the bank is trading with too large a proportion of its deposits. £24·71 of liquid assets to each £100 of its indebtedness to the public is obviously incompatible with prudent banking, and the

HALIFAX JOINT STOCK BANKING COMPANY, LIMITED.

Head Office: HALIFAX.

Date.	Ratio % of Cash in hand at Call and Short Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
								£
1900. 31 Dec.	15·79	8·92	24·71	9·53	9·69	19·22	94·47	450,000

30,000 Shares of £25 each, and £10 paid.

Paid-up Capital - £300,000. Reserve Fund - £305,000.

company, in order to conduct its business on a safe basis, requires a considerable accretion to its paid-up capital.

Advances consist of—

Bills on hand	£700,296
Current Accounts, Loans, &c.	2,272,271
	£2,972,567

The ratio to liabilities is 94·47, and it is quite apparent that the company, with its present capital, cannot support such a proportion, and maintain a good reserve of cash and securities to meet possible contingencies at the same time. Its present policy certainly leaves very much to be desired.

£45,000 is locked up in premises.

The bank's ratio of paid-up capital to liabilities is 9·53, and it distributed a dividend thereupon for the year ended December last of $11\frac{1}{4}$ per cent., but it is evidently paying away too much to its shareholders and neglecting those precautions which are incumbent upon every credit institution.

INTERNATIONAL BANK OF LONDON, LIMITED.

The bank's liability upon acceptances and to creditors on current accounts is given as £2,226,225, and cash with bankers, at call, and short notice at £164,350, which shows a ratio of 7·38 to the former. Consols are put down at £20,392, representing the ·91 in the second division of our form. The bank, then, had £8·29 of cash, call-money, and Consols to meet each £100 of its liabilities to customers and upon acceptances; and it would be both interesting and instructive to learn how it could be done, for the task, should its depositors prove restless, or were the

INTERNATIONAL BANK OF LONDON, LIMITED.

Head Office: WINCHESTER HOUSE, 50 OLD BROAD STREET, E.C.

Date.	Ratio % of Cash at Bankers, at Call, and Short Notice to Acceptances and Deposits.	Ratio % of Investments to Acceptances and Deposits.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities.	Ratio % Reserve Fund to Liabilities.	Total Working Capital.	Ratio % Bills and Advances to Liabilities.	Uncalled Capital.
1900. 31 Dec.	7·38	·91	8·29	13·47	·89	14·36	107·18	£ 100,000

20,000 Shares of £20 each, and £15 paid.

Paid-up Capital - £300,000. Reserve Fund - £20,000.

market to finger its acceptances gingerly, seems to me one of some difficulty, but my mind is ever open to financial instruction.

Advances are—

Bills Receivable	£724,234
Current Accounts and Loans &c. ...	1,661,876
	£2,386,110

These show a ratio to acceptances and deposits of 107·18, from which it would appear, seeing that the bank's total liquid assets are only 8·29, that a considerable addition to paid-up capital is required in order that business be conducted on a sound basis. £300 is invested in office furniture.

The dividend distributed for the year ended December last was at the rate of five per cent.

ISLE OF MAN BANKING COMPANY, LIMITED.

Liabilities are stated as—

Deposits, Current and other Accounts ...	£880,377
Notes in circulation	30,341
Drafts on London	10,348
	£921,066

£142,268 represents cash in hand and with bankers, giving a ratio of 15·44 to public liabilities—a good proportion.

Investments are—

English Railway Preference Stocks (Reserve Fund)	£44,000
Government and other Securities, Loans on Securities, including those set apart for Note Issue, H. M. Customs, Corporation and other Accounts	355,292
	£399,292

ISLE OF MAN BANKING COMPANY, LIMITED.

Head Office: DOUGLAS.

Date.	Ratio % of Cash in hand and at bankers to Liabilities to the Public.	Ratio % of Investments and Loans to Liabilities to the Public.	Total Liquid Assets plus Loans.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills, Advances, &c., to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	15·44	43·35	58·79	3·25	4·77	8·02	47·66	£ 120,000

15,000 Shares of £10 each, and £2 paid.

Paid-up Capital - £30,000. Reserve Fund - £44,000.

The ratio here is 43·35; but its value is overshadowed by a veil of impenetrable mystery, which the most skilful accountant could not perforate in order to give light—more light. In the first place, loans should have been stated separately; and, secondly, one would like to know the holding in Government securities and the particular variety so glibly described as "other"; whilst thirdly, the amount of hypothecated assets most certainly ought to be stated, as such a sum would not be available, in the event of a run, for liquidating its liabilities to the public. In the opinion of the auditors this statement "exhibits a true and correct view of the state of the company's affairs." The language is delightfully official, and "view" must surely be suggestive of the trees seen through the bank's office windows, for it seems to me that investments, as stated in the balance sheet, give one no information whatsoever as to the state of the bank's preparedness to meet its engagements at a moment's notice, and, consequently, that "&c., £399,292" would have answered equally as well. Total liquid assets' ratio, 58·79, is excellent, but vitiated by the irregularities aforesaid.

Advances are given as—Bills discounted, advances, and remittances *in transitu* £439,053, showing a ratio of 47·66, which seems to imply that the bank is trading prudently; but why are remittances in transit included in advances? Are they not cash documents which would be realised in a few days, when they would become the most valuable of all assets—to wit, cash in hand?

£20,690 is locked up in premises.

The bank's ratio of paid-up capital to liabilities is only 3·25. Therefore it can quite well afford to pay large dividends, and 15 per cent. per annum, the amount distributed for the half-year ended December last, is not beyond its strength. The balance sheet is compiled without the slightest sense of proportion, and one can learn little therefrom as to the true position of the company, though it seems to be strong and prudently managed.

LANCASHIRE AND YORKSHIRE BANK, LIMITED.

Head Office: MANCHESTER.

Date.	Ratio % of Cash in hand at Call and Short Notice to Liabiiities to the Public.	Ratio % of Invest-ments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	18·15	9·71	27·86	10·69	6·95	17·64	86·95	£ 600,000

60,000 Shares of £20 each, and £10 paid.

Paid-up Capital - £600,000. Reserve Fund - £390,000.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$27\frac{1}{8}$	$27\frac{1}{4}$	29	$30\frac{5}{8}$	$32\frac{1}{2}$	$33\frac{1}{8}$	$32\frac{3}{4}$	$33\frac{1}{4}$	34	
Lowest	$26\frac{1}{8}$	$25\frac{7}{8}$	$26\frac{1}{2}$	$28\frac{3}{8}$	$29\frac{3}{4}$	$30\frac{1}{4}$	$31\frac{1}{8}$	$31\frac{1}{2}$	$31\frac{5}{8}$	
Dividend % ...	12	12	12	12	12	12	13	12	$14\frac{1}{2}$	$12\frac{7}{18}$

LANCASHIRE AND YORKSHIRE BANK, LIMITED.

Current, deposit, and other accounts are given as £5,608,002, and cash in hand, at call and short notice at £1,018,220, which shows a ratio of 18·15 to the former. But, one might enquire, what is the amount of actual cash in hand, and why is money at short notice—a distinctly less liquid asset—included in this peculiar cash-and-call-money medley? Is there any ulterior motive for the innovation, or does the bank merely wish to effect a small saving in the printer's bill, so that there may be a little more to divide among the members? It is certainly remarkable that the bank directors, managing functionaries, and auditors of the Manchester companies do not appear to understand the difference between the value of actual cash and money at short notice to a credit institution with huge sums payable on demand. And auditors, perhaps, may be surprised to hear that call-money mixtures of this description do not exhibit a true and correct "view" of a bank's affairs, though they may afford excellent shelter for abuses.

Investments are—

British and Indian Government, Railway,
Corporation, and other Securities ... £544,823

These show a ratio to liabilities of 9·71; but how can one possibly learn from such a bald entry the state of this bank's preparedness to meet its engagements? The proportion of total liquid assets, 27·86, is weak. The bank possessed £27·86 in cash, call money, and securities to meet each £100 of its liabilities to the public; and it would certainly have required outside help had a determined run been made upon it, whilst during a crisis its fate would have hung in the balance.

Advances comprise—

Bills of Exchange	£792,409
Current Accounts, Loans, &c.	4,083,875
	£4,876,284

This total gives a ratio of 86·95 to liabilities; and seeing that the bank had only 27·86 of liquid assets in hand it is evident that it requires more capital in order to support the demand for bills and advances, and at the same time to conduct its business on a sound basis.

£230,000 is invested in premises, and liabilities on acceptances are given as £116,920.

The bank's dividends, as may be seen from our list, did not begin to rise until 1898, whilst in 1900 $14\frac{1}{2}$ was distributed, which seems more than it can support with a ratio of paid-up capital to liabilities of 10·69.

The following sum shows at what price its shares should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. upon the capital invested :—

$$\frac{12\frac{7}{18} \times 10}{4\frac{1}{2}} = 27\frac{43}{81}$$

In every probability, when the next depression makes itself felt, dividends and prices will drop considerably, and these shares could then be picked up at something near the above figures; though it would be wiser to choose a bank which keeps a larger proportion of liquid assets against liabilities, for when a company increases its capital, its dividend-paying capacity falls at once.

LANCASTER BANKING COMPANY, LIMITED.

Head Office: LANCASTER.

Date.	Ratio % of Cash in hand and at Bankers to Liabilities to the Public.	Ratio % of Money at Call and Short Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	10·29	8·70	22·29	41·28	5·85	5·80	11·65	68·83	£ 1,622,500

55,000 Shares of £35 each, and £5 10s. paid.

Paid-up Capital - £302,500. Reserve Fund - £300,000.

LANCASTER BANKING COMPANY, LIMITED.

Liabilities to the public are given in the balance sheet as—

Notes in circulation	£47,465
Deposit, Current and other Accounts ...	5,121,897
	£5,169,362

£532,391 represents cash in hand and with bankers, and the ratio to the above figures, 10·29, is a fair one. Money at call and at short notice amounts to £450,000; and the proportion to liabilities is shown in the second division of our form.

We next come to investments, which are stated thus—

Consols, Railway Debenture, Guaranteed and Preference Stocks, &c.	£1,152,580

The ratio to public liabilities is 22·29; but as the bank does not specify the amounts of its various holdings, it is impossible to say whether or not its investments be such as would be accepted by the Bank of England during a crisis. The proportion of total liquid assets, 41·28, is good and the bank seems to be trading prudently.

Advances are put down as—

On Current Accounts	£3,443,734
Bills on hand, less rebate	95,513
Bills with Agents for collection, less rebate	19,009
	£3,558,256

This total gives a ratio of 68·83 to liabilities to the public, and as its liquid assets' ratio is 41·28, it is

evident that the customers' interests are studied as well as the shareholders', and that the bank seems in a fairly good state of preparedness to meet its indebtedness to the public.

£129,220 is invested in premises; and acceptances amount to £25,818.

The bank's ratio of paid-up capital to liabilities is small, consequently we should expect to find high dividends; but the amount divided for the year ended December last would surely satisfy the most hardened of dividend-grabbers, to wit, 27s. per share, or $24\frac{6}{11}$ per cent. It is doubtful whether it be wise on the part of any banking company to tax itself to such an extent, and though the liquid assets of the bank seem sufficient, they would certainly bear strengthening. However, it cannot be said that the company is trading riskily, for though its policy is, perhaps, weak when compared with that of the London and Westminster, or the Union Bank of London, it seems quite brilliant when contrasted with the state of preparedness of some of the Manchester banks.

LINCOLN AND LINDSEY BANKING COMPANY, LIMITED.

This bank's liabilities to the public are put down as—

Notes in circulation	£38,820
Deposits and Current Accounts ...	1,254,546
	£1,293,366

£55,632 represents cash at head office and branches, and shows a ratio to liabilities of 4·3. The bank, then, at the 30th June last had £4·3 of cash in its safes and tills to meet each £100 of its debts at short notice and on demand, and had it been called upon to make the attempt its

LINCOLN AND LINDSEY BANKING COMPANY, LIMITED.

Head Office: LINCOLN.

Date.	Ratio % of Cash at Head Office and branches to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 30 June.	4·3	3·16	25·68	33·14	10·82	17·60	28·42	92·89	£ 260,000

1,250 Shares of £200 each, and £70 paid. 3,000 Shares of £50 each, and £17 10s. paid.

Paid-up Capital - £140,000. Reserve Fund - £227,691.

functionaries and directors would have been face to face with a most interesting problem, to wit, how to provide the branches with adequate supplies of specie, whilst the scene would probably have been one of some animation, with white-headed old gentlemen hurrying hither and thither in unwonted haste, and young men perspiring under the weight of sacks and carpet-bags, urged on by the white-headed old gentlemen aforesaid.

Money at call and notice is stated as £40,998, which gives a ratio of 3·16 to liabilities. A proportion of 7·46 of cash and call money seems dangerously small for a credit institution, and the bank would be well advised to add to this ratio very considerably.

Investments are thus described:—

$2\frac{3}{4}$ % Consols, Bank of England Stock, and other Securities	£223,233
$2\frac{3}{4}$ % Consols, $2\frac{1}{2}$ % Annuities, and Bank of England Stock	108,936
	£332,169

These show a ratio of 25·68 to liabilities. The mysterious little word "other" appears in the first variety, but the second list is a strong one. The bank's total liquid assets show a proportion of 33·14, and this seems insufficient, while cash is dangerously economised. A bank has other duties besides mere dividend making.

Advances, loans, and bills discounted, &c., are entered as £1,201,469, and give a proportion to liabilities of 92·89, and we see that the bank's liquid assets are not quite sufficient to enable it to support such a percentage and, at the same time, to maintain a good reserve that will insure the business against those accidents which may happen to a bank at any moment. £44,236 is invested in premises, £9,746 in properties yielding rents, and £662 in stamps.

The company, for the year ended 30th June last, distributed 18 per cent. on a paid-up capital representing a ratio of 10·82 to liabilities, and if it continue this policy it may some day be rudely reminded of the duties it owes to its depositors.

LLOYDS BANK, LIMITED.

Lloyds is another exponent of the art of amalgamation. Liabilities to the public are stated as £51,366,694, and cash in hand is put down at £8,243,179, showing a ratio of 16·04 to liabilities.

£3,926,543 represents cash at call and notice, and gives a ratio to liabilities of 7·64.

Investments are—

Consols and other British Government Securities	£5,663,332
Indian and Colonial Government Securities, Corporation Stocks, English Railway Debenture and Preference Stocks, and other Investments	4,567,579
	£10,230,911

The ratio per cent. to liabilities is 19·91; and the proportion of total liquid assets, 43·59, proves that the bank is well prepared to meet a large drain upon its resources at a moment's notice.

Advances are—

Bills of Exchange	£6,061,493
Current Accounts, Promissory Notes, &c.	26,548,748
	£32,610,241

LLOYDS BANK, LIMITED.

Head Office: BIRMINGHAM.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	16·04	7·64	19·91	43·59	5·54	3·69	9·23	63·48	£ 14,952,000

356,000 Shares of £50 each, and £8 paid.

Paid-up Capital - £2,848,000. Reserve Fund - £1,900,000.

	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$29\frac{1}{2}$	$29\frac{1}{2}$	$28\frac{1}{4}$	$26\frac{3}{8}$	$26\frac{3}{4}$	$26\frac{1}{2}$	$28\frac{1}{2}$	$33\frac{1}{4}$	$35\frac{1}{4}$	$34\frac{1}{2}$	
Lowest	$27\frac{1}{4}$	$26\frac{1}{2}$	$24\frac{7}{8}$	$23\frac{5}{8}$	$23\frac{5}{8}$	$24\frac{1}{4}$	$25\frac{1}{4}$	$28\frac{1}{4}$	$31\frac{1}{2}$	$31\frac{3}{4}$	
Dividend % ...	$17\frac{1}{2}$	$17\frac{1}{2}$	$16\frac{1}{4}$	15	$13\frac{3}{4}$	14	$15\frac{5}{8}$	$18\frac{3}{4}$	$18\frac{3}{4}$	$18\frac{3}{4}$	$16\frac{5}{8}$ (about)

These give a ratio of 63·48, which the bank seems well able to support. £1,103,817, a somewhat large amount, is locked up in premises; and acceptances are stated as £2,124,077.

The bank's dividends, which are of a fluctuating character, show the downward and upward sweep of the cycle fairly well, and prices moved backwards and forwards in sympathy with them; but it is questionable whether its numerous amalgamations have greatly increased distributions, though, of course, they have made it a very powerful company. However, those persons who purchased its shares at, say, 24 in 1895, made an excellent selection. The following sum shows us at what price its shares should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. upon the capital invested:—

$$\frac{16\frac{5}{8} \times 8}{4\frac{1}{2}} = 29\frac{5}{9}$$

The shares have been below these figures each year from 1891 to 1898 inclusive; and when a depression makes itself felt, especially towards the end of the period, they should go as low again. If a would-be purchaser wait a few months, in every probability he will make a better bargain, whilst those who are anxious to take any accretion to capital value should sell out before the fall. The bank's ratio of paid-up capital to liabilities is small; consequently, it can support large distributions, and, at the same time, keep itself well prepared against accidents.

LONDON AND COUNTY BANKING COMPANY, LIMITED.

This bank's liabilities to the public are put down as—Deposit and current accounts, circular notes, &c., £45,262,852.

Cash in hand, and with Bank of England, is given as £8,393,304, and shows a ratio to liabilities of 18·54—an excellent proportion.

Money at call and notice comes to £2,939,589; and investments are specified thus:—

Consols $2\frac{3}{4}$ %, New $2\frac{1}{2}$ % and National War Loan $2\frac{3}{4}$ % (£6,831,991, of which £140,776 Consols is lodged for public accounts), Canada 4 % Bonds, and Egyptian 3 % Bonds...	£7,354,314
India Government Stock and Guaranteed Railway Stocks and Debentures ...	1,084,273
Metropolitan and other Corporation Stocks, Debenture Bonds, English Railway Debenture Stock, and Colonial Bonds	2,020,567
Other Securities	4,334
	£10,463,488

These show a proportion of 23·11 to liabilities, and the functionaries of those provincial banks upon our list who do not appear to understand the relative value of different classes of securities to a banking company might study this well-compiled statement to the very considerable advantage of their customers and members. In the first place, the amount of Consols is stated separately, and the portion hypothecated is duly mentioned, whilst the first total consists entirely of securities of and guaranteed by the British Government. The bank knows that these constitute its most useful assets among its list of securities, that in normal times they are readily saleable, and that during a crisis they would be accepted by the Bank of

LONDON AND COUNTY BANKING COMPANY, LIMITED.

Head Office: 21 LOMBARD STREET, LONDON, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	18·54	6·49	23·11	48·14	4·41	3·31	7·72	59·35	£ 6,000,000

100,000 Shares of £80 each, and £20 paid.

Paid-up Capital - £2,000,000. Reserve Fund - £1,500,000.

	1891.	1992.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$96\frac{1}{2}$	95	94	$94\frac{1}{2}$	$95\frac{1}{2}$	$100\frac{1}{2}$	$104\frac{1}{4}$	$106\frac{1}{2}$	$109\frac{1}{2}$	106	
Lowest	90	$81\frac{1}{2}$	84	$87\frac{1}{2}$	$89\frac{1}{2}$	$93\frac{1}{4}$	95	$99\frac{1}{2}$	103	$101\frac{1}{2}$	
Dividend % ...	22	21	20	21	20	20	21	22	22	22	$21\frac{1}{10}$

England without hesitation, therefore it specifies them separately in the balance sheet, and places them thereupon in their right order—to wit, first. Why cannot the other companies do the same? Is it because they would make such a very poor show? Personally I am strongly inclined to think that they would. The London and County Bank next gives the amount of India Government Stock and railway stocks guaranteed thereby. Then comes a third list and, finally, the amount of "other securities" (that extremely doubtful entry in the balance sheets of so many weak banks), and a most insignificant total it is. Indeed, could certain other companies publish such a splendid list, with the mysterious "other" securities duly specified, they would be very foolish not to advertise their strength; but, perhaps, under circumstances best known to themselves, their policy of confusion is better adapted to deceive a credulous public. Now, this balance sheet, as the auditors declare, does exhibit a true and correct "view" of the company's affairs. Moreover, it is compiled with a nice sense of proportion, and it is evident, therefore, that the bank's position is a strong one.

Total liquid assets' ratio comes to 48·14, and the proportion of advances (which are specified below) to liabilities is 59·35—a ratio the company seems well able to support:—

Bills discounted	£8,734,645
Current Accounts	18,131,111
	£26,865,756

£450,812 is locked up in premises, and the bank is liable upon acceptances to the tune of £1,708,662. The ratio of paid-up capital to liabilities is an extremely small one, viz. 4·41, and the bank's distributions, as may be seen from the table at the head of this critique, are proportionately large, yet by no means beyond the company's

strength. A large working capital ought, of course, to enable a bank to keep an excellent proportion of liquid assets to liabilities. Yet it is noticeable throughout this book that those banks which have the largest paid-up capitals are the worst prepared for accidents, and the reason is, I think, because their directors do not fully understand the risks of modern credit banking, and, also, because they cannot resist the greed of the members, who understand less; for if they once recognised the real situation, and the seriousness of their guarantee to the customers, they would be as anxious for the directors to keep the bank in an excellent state of preparedness as they now are to grab, in some instances, preposterous dividends. With a large capital to pay upon the distributions seem small when compared with those of companies whose capital is considerably less, and the directors, anxious to satisfy a stupid craze, have sacrificed the stability of the bank to the dividend mania of the members; whereas those companies with small proportions of paid-up capital to liabilities have been better able to stand this constant drain, and to check the tendency when it threatened to pass the bounds of prudent trading. They can say: You are receiving 20 per cent.; pray, how much more do you expect for your money?

The London and County's dividends are fairly steady; though, of course, less is distributed in bad years than during good, and it is always bad policy to buy shares of a fluctuating character just as they have reached their zenith after a period of great prosperity. The following sum will show what price should be paid for them in order that a purchaser may receive an average dividend of $4\frac{1}{2}$ per cent. upon his investment:—

$$\frac{21\frac{1}{10} \times 20}{4\frac{1}{2}} = 93\frac{7}{9}$$

Prices have been steadily improving since 1895, and the present seems rather the time to take a profit than to buy for a rise. If the would-be purchaser wait, he will probably find the shares quoted at these figures when dividends begin to fall; and those who fancy this class of investment could not select a much safer bank.

LONDON AND PROVINCIAL BANK, LIMITED.

Liabilities upon current, deposit, and other accounts are entered in the balance sheet as £11,810,208; and cash in hand and with agents is given as £1,750,275, showing a ratio to the former of 14·82—a good proportion.

Money at call and short notice is stated as £600,000; and the ratio will be found in the second division of our form.

Investments are—

Consols, £1,845,191 at 90 (£97,711 hypothecated)	£1,660,672
War Loan, India Stock, British Colonial Government Bonds and Inscribed Stocks...	614,147
London County Council, Corporation of London, Metropolitan Consolidated, and Liverpool and Manchester Corporation Stocks	310,214
English Railway Debenture and Preference Stocks, East India Railway Guaranteed Stocks and other Securities	786,688
	£3,371,721

These show a ratio to liabilities of 28·54. Total liquid assets' ratio comes to 48·44, and from its composition shows that the bank is trading prudently, and that it is well

LONDON AND PROVINCIAL BANK, LIMITED.

Head Office: 7 BANK BUILDINGS, LOTHBURY, LONDON, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	14·82	5·08	28·54	48·44	5·92	9·01	14·93	66·07	£ 700,000

140,000 Shares of £10 each, and £5 paid.

Paid-up Capital - £700,000. Reserve Fund - £1,065,000.

	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$21\frac{7}{8}$	$22\frac{1}{8}$	$20\frac{3}{4}$	$20\frac{3}{8}$	$21\frac{3}{4}$	$21\frac{7}{8}$	$22\frac{3}{4}$	$23\frac{3}{8}$	$22\frac{1}{2}$	$22\frac{3}{4}$	
Lowest	$18\frac{1}{2}$	$19\frac{1}{2}$	$18\frac{3}{4}$	$18\frac{3}{4}$	$19\frac{1}{4}$	$19\frac{1}{2}$	$20\frac{5}{8}$	$20\frac{11}{16}$	21	$21\frac{1}{2}$	
Dividend % ...	15	18	17	17	17	17	$17\frac{1}{4}$	$17\frac{1}{2}$	18	18	$17\frac{7}{40}$

prepared to meet a good proportion of its liabilities to customers at a moment's notice.

Loans, advances, and bills discounted are put down as £7,803,669, giving a ratio to liabilities of 66·07, a proportion it seems quite able to support. The liability upon the bank's shares from the customers' point of view seems too small, and with over £11,000,000 of deposits the amount certainly ought to stand at £2,000,000; but in other respects the balance sheet leaves little to be desired, though it would be interesting to know the amount of "other" securities and their precise character.

£176,611 is locked up in premises, and the bank has incurred no liability whatsoever upon acceptances—a point in its favour.

Distributions during the decade in question have been fairly steady, and the bank's small ratio of paid-up capital to liabilities, combined with its large reserve fund, has enabled it to return large dividends to its members and, at the same time, to keep itself well prepared against accidents. Here we get an excellent illustration of the fruitfulness of a good reserve fund, upon which no dividend is declared, but which is to all intents and purposes additional capital in the business.

The following sum shows at what price the shares should be purchased in order to return an average dividend of $4\frac{1}{2}$ per cent.:—

$$\frac{17\frac{7}{40} \times 5}{4\frac{1}{2}} = 19\frac{1}{12}$$

The new shares which the bank is about to issue will, of course, affect this result, which will be proportionately less as the company's ratio of paid-up capital to deposits is increased. Whatever the shareholders may think of this accretion to capital, it will undoubtedly render the customers' position more secure, and strengthen the position of the bank.

LONDON AND SOUTH-WESTERN BANK, LIMITED.

Head Office: 170 FENCHURCH STREET, LONDON, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	14·41	5·18	27·82	47·41	6·75	5·57	12·32	60·28	£ 1,200,000

40,000 Shares of £50 each, and £20 paid.

Paid-up Capital - £800,000. Reserve Fund - £660,000.

	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$42\frac{3}{4}$	$42\frac{1}{2}$	$42\frac{1}{2}$	47	$52\frac{1}{2}$	$63\frac{1}{2}$	$69\frac{3}{4}$	$72\frac{1}{4}$	79	$77\frac{1}{2}$	
Lowest	39	$38\frac{3}{4}$	$40\frac{1}{2}$	$41\frac{3}{8}$	$47\frac{5}{8}$	$51\frac{1}{4}$	$63\frac{1}{8}$	66	$67\frac{1}{2}$	72	
Dividend % ...	8	$8\frac{1}{2}$	9	10	10	11	12	14	16	16	$11\frac{9}{20}$

LONDON AND SOUTH-WESTERN BANK, LIMITED.

Liabilities to the public are given as—

Deposit and Current Accounts ...	£11,605,945
Other Liabilities, Letters of Credit, &c.	233,773
	£11,839,718

£1,706,461 represents cash in hand and at Bank of England, and gives a ratio to liabilities of 14·41, whilst call-money is stated as £613,910, the ratio of which is 5·18.

Investments, which are well arranged, are described as under:—

Consols and Securities of or guaranteed by the British Government (£224,000 hypothecated) ...	£1,281,476
Consols $2\frac{3}{4}$% (£733,333 at 90) representing Reserve Fund	660,000
Metropolitan Stock, Bank of England Stock, British Colonial Government and British Railway Stocks ...	1,026,725
English Corporation Stocks and other Securities	326,273
	£3,294,474

The ratio to liabilities is 27·82, and the proportion of total liquid assets, 47·41, shows that the bank is prepared for contingencies.

Advances are—

Bills discounted at three months and under	£476,574
Bills discounted exceeding three months	79,411
Loans and Advances	6,582,323
	£7,138,308

This total gives a ratio to deposits of 60·28, and the proportion of total liquid assets shows that it is in a position to support such a percentage.

£459,238 is invested in premises. £214,285 represents "other assets, including outstanding advices, freehold and leasehold properties, and stamps." The bank's liabilities upon acceptances are practically *nil.*

The company's dividends present a rather interesting problem, for we see that they rose during the depressed portion of the cycle, and then, when trade improved, rapidly responded to higher bank rates, culminating in 16 during 1899. From 8 in 1891 to 16 in 1899 is a very sharp rise, which plainly shows the profitableness of suburban banking, whilst those persons who purchased the company's shares in 1891 at, say, 39, and sold in 1899, enjoyed rising distributions, with one exception, each year and an accretion to capital value of nearly 100 per cent. This bank must have proved a perfect gold mine to its members, for in 1885 the lowest quotation for its shares was $16\frac{3}{4}$, in 1895 $47\frac{5}{8}$, and the highest during 1899 was 79—an accretion to capital value in fourteen years of $62\frac{1}{4}$, while dividends rose from 6 to 16 per cent.—a simply splendid performance, which must make the mouths of the covetous water exceedingly. It seems, however, that distributions have now reached their zenith, and that a few years of bad trade will force the company's dividends down somewhat, though with a ratio of paid-up capital to liabilities of 6·75 it is improbable that they will drop more than two or three points. Assuming that the average distribution for the next ten years will be 14 per cent., and taking this as our basis, the following sum will show us at what price the shares should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. upon the purchase money:—

$$\frac{14 \times 20}{4\frac{1}{2}} = 62\frac{2}{9}$$

The company seems prudently managed, and its shares should be well worth picking up at the above figures, though present prices are prohibitive; and the time is one for sellers to take an accretion rather than for purchasers to buy for a rise.

LONDON AND WESTMINSTER BANK, LIMITED.

Liabilities to the public are given as—

Current Accounts and Deposits	£26,278,244
Circular Notes, &c., and other Accounts	619,135
	£26,897,379

£4,202,515 represents cash in hand and at Bank of England, and £5,987,750 money at call and short notice, the proportions of which are given in the first and second divisions of the opposite form.

Investments are—

£4,000,000 $2\frac{3}{4}$% Consols at 90 (£1,000,000 lodged for County Council) and £500,000 Local Loans at 100 ... £4,100,000

The mysterious "other securities," we see, would be quite useless in such a splendid list, which consists entirely of Government securities, though it is questionable whether the company can afford to hypothecate £1,000,000 of its Consols. "Afford," perhaps, is the wrong word to use, because its position would be very strong were these hypothecated Consols not included among its liquid assets; but why cannot the County Council trust one of the best managed and safest banks in the United Kingdom without a deposit of Consols? And why should the Westminster encourage a practice which, if largely indulged in, would divide a bank's customers into preferred and deferred creditors,

LONDON AND WESTMINSTER BANK, LIMITED.

Head Office: 41 LOTHBURY, LONDON, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	15·62	22·26	15·24	53·12	10·40	5·94	16·34	61·51	£ 11,200,000

140,000 Shares of £100 each, and £20 paid.

Paid-up Capital - £2,800,000. Reserve Fund - £1,600,000.

	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$75\frac{1}{2}$	72	64	58	$53\frac{3}{4}$	$55\frac{1}{2}$	$59\frac{1}{2}$	$61\frac{1}{2}$	$66\frac{1}{2}$	$65\frac{7}{8}$	
Lowest	$67\frac{3}{4}$	60	52	$51\frac{1}{2}$	$49\frac{1}{2}$	$49\frac{1}{2}$	50	54	$58\frac{3}{4}$	62	
Dividend % ...	16	13	$11\frac{1}{2}$	$11\frac{1}{2}$	$9\frac{1}{2}$	11	12	14	$14\frac{1}{2}$	16	$12\frac{9}{10}$

and possibly render a large proportion of its most desirable securities unsaleable just at the very moment when the company is in need? There is no need to rack one's brains to discover why the London and Westminster Bank makes the County Council a preferential creditor, because the answer is so exceedingly simple: to wit—if it did not, another bank would speedily accept the account on the same conditions. But it is to be hoped that a customer whose prestige is such that he can obtain security from a bank is charged very high rates of commission for the privilege. Customers of this description ought to be bled freely, though, if the facts were known, I dare say these preferential creditors would be ranked among the meanest of a bank's customers. Were the large banks to come to an agreement among themselves to the effect that no clients should be granted preferential treatment, it would be a step in the right direction, for the custom is open to the gravest objections, whilst it is unfair towards the rest of the depositors.

The London and Westminster Bank's securities show a ratio of 15·24 to liabilities, and the proportion of total liquid assets, 53·12, proves that the bank is in an excellent state of preparedness to meet a large proportion of its indebtedness to customers at a moment's notice—the one real test of a bank's stability.

Bills discounted, loans, and advances are given as £16,557,445, and show a ratio to liabilities of 61·51.

£721,220 is locked up in premises, and the bank's liabilities upon acceptances and endorsements come to £150,630—a very small total when compared with the kindred liabilities of certain of the larger banks, and another illustration of the cautious and prudent policy of the London and Westminster Bank.

This bank's distributions fluctuate widely, and the ebb and flow of the tide of prosperity can be distinctly read

from its dividends during the decade in question. The gradual fall from 16 in 1891 to $9\frac{1}{2}$ in 1895, when the official minimum stood at two per cent. for the entire year, is eloquent of decreasing trade and falling prices, while the gradual rise from 11 in 1896 to 16 in 1900 shows the prosperous portion of the cycle extremely well. The purely London banks are peculiarly good barometers in this respect, because when a period of cheap money sets in they have no country branches at which they can continue to lend at from four to five per cent.; consequently the fall in their dividends is severe, and those persons who intend purchasing these shares should allow most carefully for this characteristic, as if they buy towards the end of a period of good trade and rising prices there is every probability of the shares falling some 15 points or so. The following sum will show at what price the shares should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. upon the purchase money:—

$$\frac{12\frac{9}{10} \times 20}{4\frac{1}{2}} = 57\frac{1}{3}$$

The price of the shares has been below these figures each year from 1893 to 1898 inclusive, and if the would-be purchaser wait he should see it as low again, whilst those persons who are anxious to turn a paper profit into a cash one should not hesitate to sell. The psychological moment to buy "Westminsters" is just when the trade of the country is beginning to improve after a long period of depression; but the same thing might be said of coal and railway ordinary shares and of shares of a kindred nature; and then, again, it is wise to remember that some abnormal occurrence may quite upset all our "certainties" upon paper. However, these shares are decidedly dear at present prices, and much may be gained by waiting.

LONDON AND YORKSHIRE BANK, LIMITED.

Head Office: 7 DRAPER'S GARDENS, LONDON, E.C.

Date.	Ratio % of Cash in hand and with Bankers to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	22·45	9·23	26·33	58·01	11·22	8·11	19·33	59·79	£ 910,000

130,000 Shares of £9 10s. each, and £2 10s. paid.

Paid-up Capital - £325,000. Reserve Fund - £235,000.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$4\frac{1}{2}$	$4\frac{1}{4}$	$4\frac{5}{16}$	5	$5\frac{7}{8}$	$5\frac{15}{16}$	$6\frac{1}{4}$	133/3	$6\frac{3}{4}$	
Lowest	4	4	$4\frac{1}{8}$	4	$4\frac{7}{8}$	$5\frac{11}{16}$	$5\frac{7}{8}$	$6\frac{5}{16}$	$6\frac{3}{16}$	
Dividend % ...	$7\frac{1}{2}$	$7\frac{1}{2}$	$7\frac{1}{2}$	$7\frac{1}{2}$	9	9	$9\frac{1}{2}$	10	$10\frac{1}{2}$	$8\frac{2}{3}$

LONDON AND YORKSHIRE BANK, LIMITED.

This bank's liabilities to the public are given as—

Deposit and Current Accounts	£2,816,643
Drafts on Agents and other Liabilities ...	78,804
	£2,895,447

£650,097 represents cash in hand and with bankers, and £267,311 money at call and short notice. The ratio of each to the above total is stated in our form.

Investments are—

Consols, India and Colonial Government, English Corporation, Railway, and other Investments	£762,542

It seems a pity that this bank should issue such a slovenly statement of investments, thereby weakening the effect of what looks like a very strong position indeed, when, had the amounts of Consols, &c., been specified, and were they creditable, its balance sheet would be an excellent illustration of prudent trading. 22·45 of cash in hand is a splendid proportion, for a bank which keeps £22·45 of cash to each £100 of its liabilities should be able to hold its own in the stormiest weather; while 58·01 of liquid assets, with the reservation aforesaid, proves that the bank is in an excellent state of preparedness. The London and Yorkshire Bank seems exceptionally well managed; consequently the fact that it does not state the exact amount of its investments in securities of and guaranteed by the British Government is the more to be regretted. Bills discounted and advances are put down as £1,731,233, which gives a ratio to liabilities of 59·79—a proportion the bank can easily support. £86,206 is invested in premises.

The bank's dividends are in a progressive stage, and those who purchased its shares in 1895 made an excellent selection, as may be seen from our list. The dividend distributed for the half-year ended December last was at the rate of 12 per cent. per annum. Its proportions of paid-up capital to liabilities, 11·22, renders sensational dividends prohibitive; and, in every probability, cheap money and bad trade will, when next felt, reduce its distributions, and send down the prices of its shares. Dividends, however, would not fall to their 1895 level, therefore the average would be higher than $8\frac{2}{3}$; and taking 9 as our basis, the following sum will show what price should be paid for its shares in order to receive an average return of $4\frac{1}{2}$ per cent. upon the investment:—

$$\frac{9 \times 2\frac{1}{2}}{4\frac{1}{2}} = 5$$

The bank is undoubtedly well managed; and its shares at 5 or $5\frac{1}{2}$ ought to be worth buying as a speculation.

LONDON CITY AND MIDLAND BANK, LIMITED.

Deposit, current, and other accounts are given as £37,844,948, and cash in hand and at Bank of England as £6,996,216, which shows a ratio to the former of 18·48—an excellent proportion.

Money at call and short notice amounts to £6,057,997, and the ratio to liabilities is placed in the second division of our form.

The balance sheet of this bank is skilfully compiled, readers not being asked to take anything upon trust, which is quite comforting, and entirely removes that feeling of irrepressible suspicion which would assuredly assert itself were such a demand made upon their credulity.

LONDON CITY AND MIDLAND BANK, LIMITED.

Head Office: 5 THREADNEEDLE STREET, LONDON, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	18·48	16·0	14·71	49·19	6·66	6·66	13·32	63·13	£ 9,588,255

201,858 Shares of £60 each, and £12 10s. paid.

Paid-up Capital - £2,523,225. Reserve Fund - £2,523,225.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$38\frac{3}{4}$	37	$38\frac{1}{4}$	$40\frac{1}{2}$	$46\frac{1}{2}$	$51\frac{1}{2}$	$54\frac{1}{2}$	$55\frac{3}{8}$	54	
Lowest	$35\frac{1}{2}$	$34\frac{3}{4}$	$35\frac{1}{4}$	$37\frac{1}{4}$	$39\frac{1}{2}$	$46\frac{1}{2}$	$51\frac{1}{2}$	$51\frac{1}{4}$	$50\frac{1}{2}$	
Dividend % ...	15	15	15	15	15	15	$16\frac{1}{2}$	$17\frac{1}{2}$	$18\frac{1}{2}$	$15\frac{5}{6}$

Investments are stated as—

Consols and other British Government Securities	£1,784,900
Stocks guaranteed by British Government, India Stocks, India Railway Guaranteed Stocks and Debentures	1,400,588
British Railway Debenture and Preference, and Corporation Stocks ...	1,866,553
Colonial and Foreign Government Stocks and Bonds	415,713
Other Investments	100,832
	£5,568,586

The proportion to liabilities is 14·71; and total liquid assets' ratio, 49·19, plainly shows that the bank has not surrendered itself to the dividend mania, but is determined to maintain a strong position. If the risks of credit banking were better understood by the public, customers would not deposit with a bank which neglected to take ordinary precautions, and traded riskily with their money for the sole benefit of its shareholders and to the danger of the community.

Advances are—

Bills of Exchange	£4,118,627
Current Accounts, Loans, and other Accounts	19,773,976
	£23,892,603

These show a ratio to liabilities to the public of 63·13, which the bank can support comfortably.

£891,662 is locked up in premises, and the company's liabilities upon acceptances are £1,920,406.

Dividends, we can see from our list, were stationary at 15 per cent. from 1892 to 1897, and it was not until

the following year that they responded to dearer money and higher rates, when distributions and shares, year in year out, rose steadily, culminating in 19 per cent. per annum for the half-year ended December last. The ratio of paid-up capital to liabilities is 6·66, and it is highly improbable that the bank will support 19 per cent. upon such a proportion with the advent of diminishing trade and cheap money; consequently, a drop in its dividends may be reasonably expected during the next year or two, and though they should keep above 16 per cent. a fall of two points is quite probable. Capitalised upon a basis of 16, the following sum will show us what price should be given for its shares in order that an average dividend of $4\frac{1}{2}$ per cent. per annum may be obtained upon the purchase money :—

$$\frac{16 \times 12\frac{1}{2}}{4\frac{1}{2}} = 44\tfrac{4}{9}$$

They have been below these figures each year from 1892 to 1896, and if the reader wait he is pretty certain to see them fall to 45 or 46 again, at which price they are well worth buying, for we have seen that the bank is prudently managed. The present time is rather one to sell, in order to take an accretion to capital value, than to buy for a possible rise.

LONDON JOINT STOCK BANK, LIMITED.

This bank's liabilities to the public are given as—

Current Accounts, Deposits, Circular Notes, &c. £17,164,809

£2,528,716 represents cash in hand and at Bank of England, and shows a ratio to the above total of 14·73—a good proportion.

Possibly this bank has a little theory of its own, for it includes its money at call with advances; and if the said

LONDON JOINT STOCK BANK, LIMITED.

Head Office: 5 PRINCES STREET, LONDON, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills, Advances and Money at Call to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	14·73	17·99	32·72	10·48	6·99	17·47	83·40	£ 10,200,000

120,000 Shares of £100 each, and £15 paid.

Paid-up Capital - £1,800,000. Reserve Fund - £1,200,000.

	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$40\frac{3}{4}$	$38\frac{1}{4}$	$39\frac{3}{4}$	$34\frac{1}{8}$	$34\frac{1}{4}$	34	$35\frac{1}{4}$	$35\frac{3}{8}$	39	$37\frac{7}{8}$	
Lowest	$35\frac{1}{2}$	$32\frac{3}{4}$	$30\frac{1}{2}$	30	$30\frac{7}{8}$	$30\frac{5}{8}$	$31\frac{1}{8}$	$32\frac{1}{2}$	$33\frac{1}{4}$	34	
Dividend % ...	$12\frac{1}{2}$	$10\frac{1}{2}$	10	10	9	9	10	10	$10\frac{1}{2}$	12	$10\frac{7}{20}$

little theory have for its objective the hiding of the bank's state of preparedness from a too curious world, then it has worked most completely and effectually; but, under the circumstances, why specify securities and cash, and vitiate the mysterious scheme? Call money, though a certain proportion could not be collected during a crisis, is a much more liquid asset than either bills or loans, therefore it seems a pity that this bank does not fall into line with the other companies and state the amount separately in its balance sheet; for if its cash at call be considerable it has certainly neglected an opportunity to advertise its strength, and in these competitive days a credit bank seems unwise to introduce an element of doubt into its balance sheet.

Investments are described thus—

£1,500,000 Consols at 90	£1,350,000
Other British Government Securities ...	663,530
India and Colonial Government, and other Securities	1,014,139
Securities lodged with public bodies ...	61,662
	£3,089,331

These give a ratio to liabilities of 17·99. Here, again, the list would look better without the mysterious "other" in the third line, for a million of money is an important asset, which, one would think, should be described more definitely; and one might reasonably inquire, were one interested in the bank: "What proportion of this sum is invested in India and Colonial Government securities, and what in 'other' securities?" This expression may be good English, but it is quite out of place in a balance sheet which purports to show the state of preparedness in which a bank is to meet its liabilities to customers. Total liquid assets' ratio is 32·72, and were the call money added to this I do

10

not doubt that the bank's position would be a strong one. However, one has to hazard that opinion, for the balance sheet does not supply the necessary information to prove it.

Advances are put down as—

Bills discounted, Loans and other Securities (money at call included) ... £14,316,341

This total gives a proportion to liabilities of 83·40, but one cannot learn anything very definite *à propos* of the bank's position therefrom. £398,698 is invested in premises, and £1,102,152 represents the company's liabilities upon acceptances.

Distributions, we can see from our list, are of a fluctuating character, and clearly indicate the depressed and prosperous years of the decade. Taking $10\frac{7}{20}$ as our basis, the undermentioned sum will show at what price the bank's shares should be purchased in order to return an average dividend of $4\frac{1}{2}$ per cent. upon the money invested :—

$$\frac{10\frac{7}{20} \times 15}{4\frac{1}{2}} = 34\frac{1}{2}$$

Prices have been beneath these figures each year from 1892 to 1900 inclusive; and when the tide of prosperity turns they will doubtless settle down again at like quotations, as a purely London bank feels a low bank rate immediately. The present time, therefore, seems good for sellers and bad for buyers.

MANCHESTER AND COUNTY BANK, LIMITED.

Liabilities to the public are given as—

Current, Deposit, and other Accounts ... £9,411,752

£2,306,153 represents cash in hand, at call, and at short notice, and shows a ratio of 24·50 to the above liabilities; but as the amount of actual cash is not

MANCHESTER AND COUNTY BANK, LIMITED.

Head Office: 55 KING STREET, MANCHESTER.

Date.	Ratio % of Cash in hand, at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities. to the Public.	Uncalled Capital.
1900. 31 Dec.	24·50	12·42	36·92	9·28	9·88	19·16	81·70	£ 4,586,568

54,602 Shares of £100 each, and £16 paid.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$57\frac{1}{2}$	$57\frac{5}{8}$	$56\frac{1}{4}$	58	$64\frac{1}{2}$	$64\frac{1}{2}$	62	$62\frac{1}{2}$	$61\frac{1}{8}$	
Lowest	$54\frac{1}{8}$	53	$53\frac{3}{8}$	$55\frac{1}{8}$	$56\frac{7}{8}$	$59\frac{3}{4}$	$60\frac{1}{2}$	60	$57\frac{1}{2}$	
Dividend %	15	15	15	15	15	15	15	15	15	15

Paid-up Capital - £873,632. Reserve Fund - £930,000.

stated separately, it is difficult, if not impossible, to estimate the value of this mixture of assets, which, as is evident to every person of ordinary intelligence, ought to be given in detail. Then why do persons who are supposed to understand the precise value of a bank's various assets dish up such a heterogeneous mixture, and calmly tell us that it shows the position of a particular bank at a certain date of its corporate existence when it does nothing of the kind?

Investments are stated as—

Local Loans 3 %, £200,000 at 90 ...	£180,000
Consols $2\frac{3}{4}$ %, £225,000 at 90 ...	202,500
Annuities $2\frac{1}{2}$ %, £80,000 at 85 ...	68,000
India Stock, Stocks Guaranteed by Indian Government, and other Securities	718,965
	£1,169,465

These show a ratio to liabilities of 12·42, but what is the proportion of "other" securities in the largest item of the statement? If one knew this and the amount of actual cash in hand, the balance sheet really would give a correct "view" of the company's affairs. The ratio of total liquid assets is 36·92, and seems barely sufficient to provide for those accidents to which a credit bank is exposed.

Advances are put down as—

Bills, Current Accounts, and Loans ... £7,690,320

The proportion to liabilities is 81·70, which appears a little beyond the bank's strength.

£175,000 is invested in premises, and the company's liabilities upon acceptances amount to £634,072.

It is somewhat remarkable that the dividends of the Manchester banks do not fluctuate so widely as those of

the London and London and Provincial institutions, in spite of the fact that Manchester must feel the bad years of a trade cycle as acutely as any other city or district. The reason is, I think, because advances are made irrespective of the bank rate ruling at the time, and if this be the case borrowers ought to decline to pay, say, 5 per cent. upon a well-secured advance when the official minimum is at $2\frac{1}{2}$ or $3\frac{1}{2}$. Were they to do this it is quite possible that the local banks would show the depressed portion of the present cycle beautifully, to the considerable gain of those customers whose accounts are overdrawn.

The following sum shows what price should be given for the Manchester and County Bank's shares, in order that an average dividend of $4\frac{1}{2}$ per cent. be returned on the purchase-money:—

$$\frac{15 \times 16}{4\frac{1}{2}} = 53\frac{1}{3}.$$

They have only been as low once during the last nine years, viz., in 1893, though they do not seem to me a bargain at the above figures.

MANCHESTER AND LIVERPOOL DISTRICT BANKING COMPANY, LIMITED.

Here, at last, is a balance sheet of a Manchester bank which has evidently been compiled by persons who understand their business; consequently, we can learn therefrom the exact position of the company at a given date. Liabilities to the public are stated as—

Current, Deposit, and other Accounts ... £16,770,699

£1,989,219 represents cash in hand and at Bank of England, and gives a ratio to the above total of 11·86—a very fair proportion.

MANCHESTER AND LIVERPOOL DISTRICT BANKING COMPANY, LIMITED.

Head Office: SPRING GARDENS, MANCHESTER.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31st Dec.	11·86	11·13	16·45	39·44	6·70	9·36	16·06	75·88	£ 6,375,000

100,000 Shares of £60 each, and £10 paid.

25,000 New Shares of £60 each, and £5 paid.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$48\frac{3}{8}$	$48\frac{7}{8}$	49	$51\frac{1}{4}$	$53\frac{3}{4}$	$52\frac{1}{2}$	$53\frac{1}{4}$	$55\frac{1}{2}$	$53\frac{7}{8}$	
Lowest	$46\frac{1}{4}$	$45\frac{3}{4}$	46	$47\frac{3}{8}$	$49\frac{3}{8}$	$50\frac{3}{8}$	$51\frac{1}{8}$	$50\frac{1}{4}$	$47\frac{7}{8}$	
Dividend % ...	20	20	20	20	20	20	20	20	20	20

Paid-up Capital - £1,125,000. Reserve Fund - £1,570,000.

Money with London brokers and others, at call, and short notice, is £1,867,394, and its proportion to public liabilities will be found in the second division of our form.

Investments are—

£1,111,112 $2\frac{3}{4}$% Consols at 90 ...	£1,000,000
India Government Stocks at par ...	500,000
London and North-Western Railway 3% Perpetual Debenture Stock at par...	200,000
Manchester and other Corporations and Railway and Colonial Government Stocks and Mortgage Debentures at or under par...	1,060,522
	£2,760,522

These give a ratio to liabilities of 16·45, and the proportion of total liquid assets, 39·44, is, when one considers its composition, good. Moreover, the bank, at the date the balance sheet was published, had not collected all the calls upon its issue of new shares. £123,180 has still to be received from this source, and such a sum, with the premium added thereto, will strengthen the bank's position further.

Advances are put down at—

Bills of Exchange, Current Accounts, &c. £12,725,745.

The ratio per cent. to public liabilities is 75·88, and the total liquid assets' proportion of 39·44 shows that the bank cannot afford to increase its advances, for if it do its liquid assets will be insufficient to provide for those contingencies to which a credit bank is always exposed.

£305,850 represents bank property, and the bank's liabilities upon acceptances are given as £1,737,178.

The District Bank's dividends, like the County's, are extremely regular, and do not show any trace of good and bad years, yet one can hardly believe that Manchester borrowers arrange their overdrafts without taking into

their consideration the value of money at the time or during the period over which the advance extends. However, this seems the only explanation; for if a bank, unless its business be growing very rapidly, lend its money according to the value of loanable capital from month to month or from half-year to half-year, then its dividends must be of a fluctuating nature, but we see no such indication in this bank's distributions. How, then, do the London and Provincial banks conduct their business in Manchester? Do they conform with the customs of the district, or do they, when the bank rate is at, say, $2\frac{1}{2}$ or 3, charge their customers from $3\frac{1}{2}$ to 4 on well-covered overdrafts? If the latter method be the one in vogue, then the customers of the local banks should force down their interest to the market level, or else borrow in the cheapest market.

The following sum will show us what price should be given for the District Bank's shares in order that a buyer may receive an average dividend of $4\frac{1}{2}$ per cent. upon the capital invested:—

$$\frac{20 \times 10}{4\frac{1}{2}} = 44\tfrac{4}{9}$$

We see that they have not been so low during the period under discussion, yet I do not consider them cheap at the above figures. In the first place, the bank has increased its capital, thereby reducing its dividend-paying capacity; and, secondly, competition, sooner or later, is pretty certain to reduce rates in Manchester.

MARTIN'S BANK, LIMITED.

Current, deposit, and other accounts are given in the balance sheet as £2,987,102.

£749,038 represents cash in hand, at Bank of England, and with other bankers, and shows a ratio to the first-

MARTIN'S BANK, LIMITED.

Head Office: 68 LOMBARD STREET, LONDON, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	25·07	15·12	8·97	49·16	16·73	3·34	20·07	65·69	£ 500,000

50,000 Shares of £20 each, and £10 paid.

Paid-up Capital - £500,000. Reserve Fund - £100,000.

named total of 25·07—the largest proportion of cash to deposits held by any bank in the United Kingdom.

Loans at call and short notice amount to £451,755, and the ratio to liabilities will be found in the second division of our form.

Investments are—

British Government Securities	£268,000

These show a ratio to deposits of 8·97; and the proportion of total liquid assets to liabilities, 49·16, shows that the bank is prudently managed, and that it is well prepared to meet any sudden call which may be made upon it.

Advances are stated as—

Bills discounted	£869,472
Loans	1,093,005
	£1,962,477

These show a ratio to liabilities of 65·69, which the bank is well able to support.

£70,778 is put down in the balance sheet as Investments (including freehold premises yielding rent, adjacent to the head office). Some banks would doubtless call these "other" securities, and include them with their liquid assets; but Martin's are so strong in those varieties of liquid assets which are especially suited to a banking business that balance sheet tricks of this nature are rendered superfluous.

£132,000 is invested in premises, and liabilities upon acceptances are given as £339,635, upon English bills remitted to foreign bankers £765,941, and upon endorsements £74,039.

The dividend distributed for the half-year ended December last was at the rate of 8 per cent. per annum.

MERCANTILE BANK OF LANCASHIRE, LIMITED.

Head Office: 32 MOSLEY STREET, MANCHESTER.

Date.	Ratio % of Cash in hand, at Bankers and at Short Notice to Liabilities to the Public	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	17·69	19·21	36·90	22·53	7·06	29·59	83·52	£ 760,800

37,400 Shares of £20 each, and £3 paid. 12,500 Shares of £20 each, and £10 paid.
100 Shares of £20 each, fully paid.

Paid-up Capital - £239,200. Reserve Fund - £75,000.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$3\frac{1}{8}$	$3\frac{1}{4}$	$3\frac{5}{16}$	$3\frac{3}{8}$	$4\frac{3}{4}$	$5\frac{1}{2}$	$6\frac{5}{8}$	$6\frac{3}{4}$	$5\frac{31}{32}$	
Lowest	2	$2\frac{5}{8}$	$2\frac{7}{8}$	3	$3\frac{5}{16}$	$4\frac{3}{8}$	$5\frac{3}{4}$	$5\frac{3}{4}$	$4\frac{7}{8}$	
Dividend % ...	—	5	5	5	5	$6\frac{1}{4}$	$6\frac{1}{4}$	$7\frac{1}{2}$	$7\frac{1}{2}$	$5\frac{15}{16}$

MERCANTILE BANK OF LANCASHIRE, LIMITED.

Liabilities to the public are given as—

Current, Deposit, and other Accounts, including liability on bills negotiated for customers... ... ... £1,061,557

This bank's balance sheet belongs to the mysterious variety. Indeed, had its compilers determined to draw up a statement which would expose the bank's real state of preparedness as little as possible, they could hardly have succeeded better; yet I do not suppose that this was the objective of the persons who are responsible for the balance sheet in question.

£187,821 represents cash in hand, with bankers, and at short notice, and the ratio to liabilities is 17·69; but the vital asset in this mixture is actual cash; and as the bank is strangely silent as to the amount of cash it has in hand, the value of this conglomeration cannot be gauged. Then what is the value of the statement, which, on its own showing, may be either fairly strong or extremely weak?

Investments are thus described—

Consols, India, Colonial, and Railway Stocks, Debentures, and other Investments ... £203,959

These show a ratio to liabilities of 19·21; and here, again, their value to a banking company, were it compelled to realise its assets suddenly, is kept from us. We are told that the bank possesses some money in Consols, but this information is useless unless we know the exact amount, for from the above description its holding may be either £500 or £100,000; and "other investments" gives a finishing touch which is quite in harmony with a specification that conveys to the mind no idea whatsoever of the

applicability of the company's investments to the requirements of a banking business.

The ratio of total liquid assets, 36·90, seems a little too small.

Advances are given as—

Bills discounted	£185,454
Current Accounts, including liability of customers on bills negotiated ...	701,206
	£886,660

These show a ratio to liabilities of 83·52, which appears a little too much for the bank to support, and, at the same time, to keep itself well prepared to meet accidents. £65,870 is invested in premises, and £42,400 represents freehold property adjoining premises.

In 1890, when the bank was established, the consensus of opinion in Manchester was to the effect that there was no room for another bank in that city; but the directors of the Mercantile Bank apparently thought otherwise, for it is patent to everybody that the local banks, did they possess the deposits, could lend very much more capital. Again, the Mercantile Bank has expanded very rapidly. Indeed, the directors seem to have relied largely upon expansion for success; but if its branches cluster too thickly in manufacturing districts, where the demand for capital is great, they will discover that it is impossible to collect sufficient deposits to meet the wants of their customers; consequently, could they farm a district where deposits flow in freely, the said deposits could be profitably employed at those branches where the demand for capital is excessive, and by organising their branches with this objective, the whole machine should function smoothly and well.

We can see from the bank's dividends that its progress has been steady, and also that the purchasers

of its shares at, say, 2 in 1892, made a good speculation, for they were quoted at $6\frac{5}{8}$ six years later, and it is very seldom that such a margin of profit offers itself on one's investments during a like period; however, with a ratio of paid-up capital to liabilities of 22·53, it is difficult to see how the bank can distribute more than $7\frac{1}{2}$ per cent. thereupon unless its deposits increase very considerably. Indeed, given a period of cheap money, a set-back in its dividends seems probable; and it is questionable whether the present be not a good time to turn a paper profit into a cash one. In these days, when most towns are over-banked, a competing company has to bid pretty high to attract deposits, consequently expansion is less profitable, and it therefore follows that a new bank, even though it has established its credit, will not make the profit which the public is accustomed to associate with a successful banking venture.

Taking six per cent. as our basis, the following sum will show us what price should be given for its shares in order that an average dividend of $4\frac{1}{2}$ per cent. be returned upon the purchase money:—

$$\frac{6 \times 3}{4\frac{1}{2}} = 4$$

The company is interesting as a recent venture in banks, and this is why so much space has been occupied with so small an institution, for we have been told that a new bank is an impossibility in this country, yet here is one which has built up a business in opposition to the strongest banks in the land. Its branches are young, and should in the ordinary course of events give better and better returns; but the question is if the bank have sufficient deposits to meet their wants, and whether it will be able to collect the said deposits? As it is, its liquid assets seem barely sufficient to meet possible accidents, and it has only just added to its capital; therefore it looks improbable

that the bank will make very rapid strides during the next few years, simply because at present it has not the necessary deposits with which to trade. Altogether, I am disposed to think that its shares are dear at present prices, though, as a speculation, they might be worth buying at from four to four-and-a-half, but only as a speculation, for it is certainly not without—like the rest of us—its future possibilities.

MERCHANT BANKING COMPANY, LIMITED.

Liabilities are put down in the balance sheet as—

Acceptances against Credits and Secuities,
and Amount due to Customers, &c. ... £1,239,333

£172,059 represents cash in hand, with bankers, at call, and short notice, and the ratio per cent. to the above item is 13·88. However, as the bank does not give its cash separately, it is quite impossible to learn its true state of preparedness to meet its liabilities on demand.

Investments are—

Consols and other Government Securities,
London County Council Bonds, &c. ... £53,038

The ratio is 4·27, and here again the statement is vitiated by the "&c." and the absence of figures showing the holding in Government securities; but what we do know is that the bank possesses £18·15 of liquid assets to meet each £100 of its acceptances and indebtedness to customers, and this proportion seems an inadequate insurance fund against the risks of credit banking.

Advances are given as—

Bills discounted, Loans, &c. £1,324,118

The proportion to acceptances and deposits is 106·84, which shows plainly enough that the bank's policy is

MERCHANT BANKING COMPANY, LIMITED.

Head Office 112 CANNON STREET, LONDON, E.C.

Date.	Ratio % of Cash in hand, at Bankers and at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	13·88	4·27	18·15	24·20	0·80	25·00	106·84	£ 375,000

75,000 Shares of £9 each, and £4 paid.

Paid-up Capital - £300,000. Reserve Capital - £10,000.

open to the gravest objections. The balance sheet, we are told, exhibits a true and correct view of the company's affairs. As far as it goes, doubtless it does, but it is strangely wanting in essential particulars. £13,650 is invested in premises, and the dividend distributed for the year ended December last was at the rate of five per cent.

METROPOLITAN BANK (OF ENGLAND AND WALES), LIMITED.

Liabilities to the public are entered in the balance sheet as—

Deposit, Current and other Accounts ...	£7,901,598
Seven day and other Drafts	9,270
	£7,910,868

£727,763 represents cash in hand and at Bank of England, and shows a ratio to liabilities of 9·19—a rather weak proportion.

Money at call and notice is put down as £1,485,655, and the ratio will be found in the second division of our form.

Investments are—

British and Indian Government Securities	£652,448
Colonial Government Securities, Railway and Corporation Stocks and Debenture Bonds	534,843
	£1,187,291

These give a ratio to liabilities of 15; and the proportion of total liquid assets, 42·96, proves that the bank is prepared to meet accidents, though were it caught with

METROPOLITAN BANK (OF ENGLAND AND WALES), LIMITED.

Head Office: 60 GRACECHURCH STREET, LONDON, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	9·19	18·77	15·00	42·96	6·32	4·42	10·74	64·36	£ 4,500,000

100,000 Shares of £50 each, and £5 paid.

Paid-up Capital - £500,000. Reserve Fund - £350,000.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$17\frac{1}{4}$	$17\frac{1}{8}$	$16\frac{1}{4}$	$16\frac{1}{8}$	$14\frac{1}{2}$	$14\frac{1}{2}$	15	$15\frac{3}{4}$	$15\frac{1}{8}$	
Lowest	16	$15\frac{1}{4}$	15	$12\frac{3}{4}$	$12\frac{7}{8}$	$12\frac{3}{4}$	$13\frac{5}{16}$	$14\frac{1}{2}$	$13\frac{3}{8}$	
Dividend % ...	18	18	18	$13\frac{3}{4}$	$12\frac{1}{2}$	$12\frac{1}{2}$	$12\frac{1}{2}$	$13\frac{3}{4}$	$13\frac{3}{4}$	$14\frac{3}{4}$

only £9·19 of cash to each £100 of its indebtedness during a crisis, or at an inconvenient moment, it might find the situation a difficult one.

Advances are given as—

Bills discounted	£773,106
Current and other Accounts	4,318,636
	£5,091,742

These show a ratio of 64·36, which does not appear to be beyond the bank's strength.

£40,000 is outstanding on goodwills account, a little item reminiscent of happy amalgamations and absorptions; and £328,208 is invested in premises.

The bank's dividends appear to have suffered by the infusion of new blood into its system, though it has added to its magnitude as a bank by the process, for it has not declared a distribution of 18 per cent. since 1894, but the exceptionally prosperous years of 1899 and 1900 gave its dividends a fillip. However, we must not lose sight of the fact that the bank reduced goodwills account by £20,000 in 1900, and that the said sum was deducted from the profits of the year. Now, £20,000 represents a dividend of 4 per cent. on a capital of £500,000; and if we add this to the $13\frac{3}{4}$ distributed during 1900 we get $17\frac{3}{4}$, which tells us very plainly that the bank will return to its old distributions directly it has wiped out the incubus called goodwills, which is at present oppressing its money chest.

The following sum shows us at what price its shares should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. on the purchase money.

$$\frac{14\frac{3}{4} \times 5}{4\frac{1}{2}} = 16\tfrac{7}{18}$$

These shares seem worth buying at present prices, and if during the depressed portion of the cycle prices fall it should be borne in mind that goodwills account

will soon belong to past history, and that when good times come round again, this bank's dividends should advance rapidly. Undoubtedly, its shares are worth watching.

MIDLAND COUNTIES DISTRICT BANK, LIMITED.

Deposit, current and other accounts, including rebate on bills, are put down as £880,615; and cash in hand and with agents is given as £116,744, showing a ratio of 13·25 to the first-named total. Agents may possibly include bill-brokers, but if the item consists only of cash and cash balances with bankers at call then the proportion is a good one.

Investments are thus described—

Consols, English Railway Stock, and other Debentures £75,441

The ratio to liabilities is 8·56, but as the bank is careful not to mention the amount of its holding in Consols, it is quite impossible to say of what value these assets would be to it in a time of panic, whilst the proportion of total liquid assets to liabilities, 21·81, shows plainly enough that the company is trading with too large a proportion of its deposits, and that therefore its policy is a risky one. The bank possesses £21·81 of liquid assets to meet each £100 of its public liabilities, and were it called upon to make the experiment, it would be extremely interesting to hear how it could be done.

Bills discounted and advances, &c., come to £799,284, and give a ratio of 90·76, which is very considerably beyond the bank's strength. Indeed, it is evident that the company, in order to conduct its business on a sound basis, should increase its paid-up capital. £43,570 is invested in premises.

The dividend distributed for the year ended 31st December last was at the rate of $6\frac{1}{4}$ per cent.

MIDLAND COUNTIES DISTRICT BANK, LIMITED.

Head Office: NOTTINGHAM.

Date.	Ratio % of Cash in hand and with Agents to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	13·25	8·56	21·81	13·86	3·11	16·97	90·76	£ 610,625

24,425 Shares of £30 each, and £5 paid.

Paid-up Capital - £122,125. Reserve Fund - £27,457.

NATIONAL PROVINCIAL BANK OF ENGLAND, LIMITED.

Liabilities to the public are entered as—

Current, Deposit, and other Accounts £51,084,355

£7,397,926 represents cash in hand and at Bank of England, and shows a ratio per cent. to the above figures of 14·48—a good proportion. However, if the Westminster maintains 15·62, the Union 20·79, and the London and County 18·54, one would have thought that a bank with so many branches to feed as has the National Provincial would have supported a somewhat larger proportion, for should there be a run upon every one of a huge bank's numerous offices, one can but wonder, under the present credit system, how the drain could be met.

Cash at call and short notice is given as £4,170,248, which shows a ratio to liabilities of 8·16.

Investments are—

English Government Securities ...	£8,910,077
Indian and Colonial Government, Railway Debentures, and other Securities	7,343,428
	£16,253,505

These show a ratio to liabilities of 31·81. This bank, it may be observed, is sweetly laconic, as though bent upon economising printer's ink; but its balance sheet is so large and roomy, and the space between the bold black type so ample that, perhaps, it might be able to squeeze into its next statement a little information about "other securities," which its friendly rival, the London and County Bank, carefully distinguishes in its balance sheet.

Total liquid assets' ratio, 54·45, is an extremely strong one, and proves that the bank fully recognises its huge responsibilities, and that it is well prepared to meet those accidents which threaten a credit institution.

NATIONAL PROVINCIAL BANK OF ENGLAND, LIMITED.

Head Office: 112 BISHOPSGATE STREET, LONDON, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
									£
1900. 31 Dec.	14·48	8·16	31·81	54·45	5·87	4·45	10·32	55·00	12,900,000

215,000 Shares of £60 each, and £12 paid. 40,000 Shares of £75 each, and £10 10s. paid.

Paid-up Capital - £3,000,000. Reserve Fund - £2,275,000.

	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest £10 10s. pd.	46¼	47	46½	44	44¾	47¼	51	52½	58	57¾	
Lowest ,,	41½	42	40	40½	41½	42½	43¾	48⅝	51	52½	
Highest £12 paid	54½	54	54	51⅛	52¼	55⅝	57⅞	60⅜	67½	66¼	
Lowest ,,	49⅜	50⅛	47	46½	47¾	49½	51¾	55	58⅛	60	
Dividend %	20	20	18	18	17	17	19	20	23	21	$19\frac{3}{10}$

Bills discounted and loans are put down at £28,099,301, which gives a ratio to liabilities of 55—a proportion the bank can support comfortably.

£535,070 is invested in premises, and liability on acceptances and endorsements is given as £485,802.

We have long been accustomed to look upon the National Provincial as our Leviathan; but huge animals lose in speed what they gain in strength, and Lloyds, emaciated and fleet of foot, suddenly put on flesh by absorbing others of its kind, and to-day it is our Leviathan, our Monster, with £51,366,694 of deposits; but its total liquid assets, though it wisely holds more cash in hand, are not so large as the National's for all that. The National Provincial's objective seems now to be one of concentration rather than of expansion, and we have seen that its policy is, as banking goes, a safe and prudent one.

Dividends, it is evident, fluctuate widely, as might be expected in a bank which spreads its tentacles throughout the length and breadth of the land, taking the good with the bad; consequently the prices of its shares go up and down in sympathy with its distributions, and as, during the prosperous portion of a cycle, quotations are rushed up without reference to the average distribution over a term of years, purchasers should touch its shares cautiously. The following figures will illustrate my meaning:—

£12 Paid Shares.	1891.	1895.	Fall.	1900.	Rise.
Highest	$54\frac{1}{2}$	$52\frac{1}{4}$	—	$66\frac{1}{4}$	—
Lowest	$49\frac{3}{8}$	$47\frac{3}{4}$	$6\frac{3}{4}$	60	$18\frac{1}{2}$
Dividend % ...	20	17	3	21	4

Now, if a person buy these shares after a period of great prosperity, just when dividends and prices are at

their zenith, he will make a poor bargain; but if he wait until they settle down again, that is to say, until they fall below the average price, taken over a period of ten years or so, he will be able to buy them at figures which should give him an average return of $4\frac{1}{2}$ per cent. upon the capital invested. The following sum shows how much should be paid for this bank's shares in order to make such a return possible:—

$$\frac{19\frac{3}{10} \times 12}{4\frac{1}{2}} = 51\frac{7}{15}$$

We can see, from our list, that the shares were below these figures during 1892, 1893, 1894, 1895 and 1896, and in every probability they will fall as low again. The present time seems good for sellers, but bad for would-be buyers, who, during the next year or two, should be able to buy at much lower figures than those now ruling.

NORTHAMPTONSHIRE UNION BANK, LIMITED.

Liabilities to the public are given as—

Deposits and Current Accounts, &c. ...	£2,465,286
Drafts and Notes in circulation	3,495
	£2,468,781

£223,076 represents cash in hand and with London agents, and shows a ratio of 9·03 to liabilities—a proportion which, assuming that the cash with agents represents cash balances at call, is somewhat too small.

Investments are—

New $2\frac{3}{4}$ % Consols, Local Loans, Bank of England Stock, Colonial Government Securities, Indian Guaranteed and English Railways, Corporation Stocks, and other investments	£671,411

These give a ratio to liabilities of 27·19, but one can learn nothing whatsoever of the extent of the bank's holdings in

NORTHAMPTONSHIRE UNION BANK, LIMITED.

Head Office: NORTHAMPTON.

Date.	Ratio % of Cash in hand and at London Agents to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	9·03	27·19	36·22	16·04	13·08	29·12	91·22	£ 684,000

36,000 Shares of £30 each, and £11 paid.

Paid-up Capital - £396,000. Reserve Fund - £323,000.

those securities which are essential to a banking business. We are simply told that the bank holds some Consols, some local loans, &c., and some other securities which are represented by the above figures ; and it is quite remarkable that the absurdity of such a statement does not strike its compilers. Total liquid assets come to 36·22, and this proportion seems too small.

Advances are put down as—

Bills of Exchange	£277,902
Current Accounts, Promissory Notes, &c.	1,974,124
	£2,252,026

The ratio to liabilities is 91·22, and it is evident that the bank requires more capital to support such a proportion safely. £28,421 is invested in premises, and £42,973 represents freehold and other properties.

The dividend declared for the year was at the rate of $11\frac{4}{11}$ per cent., and seeing that this was distributed upon a paid-up capital representing a ratio of 16·04 to liabilities, it is evident that the bank is paying away too much.

NORTH AND SOUTH WALES BANK, LIMITED.

Liabilities to the public are given as—

Deposit, Current Accounts, &c.	£9,316,021
Notes in circulation	43,630
Drafts not exceeding 21 days' date ...	13,611
	£9,373,262

£2,289,197 represents cash in hand, at call, and at three days' notice, and the ratio to the above total is 24·42. It would, however, be interesting to know the actual amount of cash this bank has in hand, and the sum standing to its credit with bankers on demand; but though a balance sheet is published in order to give the public an exact

NORTH AND SOUTH WALES BANK, LIMITED.

Head Office: LIVERPOOL.

Date.	Ratio % of Cash in hand, at Call and three days' Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	24·42	17·10	41·52	6·40	4·26	10·66	65·57	£ 1,800,000

60,000 Shares of £40 each, and £10 paid.

Paid-up Capital - £600,000. Reserve Fund - £400,000.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$34\frac{1}{8}$	35	36	$34\frac{9}{16}$	33	$34\frac{7}{8}$	$36\frac{3}{8}$	$37\frac{1}{2}$	$38\frac{1}{4}$	
Lowest	$32\frac{3}{4}$	$32\frac{3}{4}$	$33\frac{1}{4}$	$32\frac{1}{4}$	31	$32\frac{5}{16}$	$34\frac{1}{2}$	$35\frac{1}{4}$	35	
Dividend % ...	15	15	15	$13\frac{3}{4}$	$12\frac{1}{2}$	14	15	15	$15\frac{1}{2}$	$14\frac{19}{36}$

account of a bank's state of preparedness to meet its obligations, this company's statement is, at the best, a mere assemblage of figures, from which one can learn but little.

Investments are—

Consols, India Stock, and Debenture and Preference Stocks of first-class English Railways	£1,603,052

These show a proportion to liabilities of 17·10, and it seems a pity that the bank does not give a more detailed account of its holdings. Total liquid assets give a ratio to liabilities of 41·52, which is satisfactory, and proves that the company is not trading with too large a proportion of its deposits.

Advances are put down as—

Bills of Exchange	£2,251,043
Current Accounts and Loans	3,895,714
	£6,146,757

The ratio to liabilities is 65·57, a proportion the bank can support, and at the same time keep itself prepared to meet accidents, though its balance sheet does not tell us whether or not it possess the right kinds of assets in sufficient quantities, its compilers having apparently overlooked these important details.

£168,822 is invested in premises, and £312,496 represents "sums *in transitu* with branches and agents, and other items." There would doubtless be a large proportion of cash documents in this total, which would make it a valuable asset. The bank's liability upon acceptances is £433,182.

Distributions are of a fluctuating character, and show the downward and upward sweep of the cycle distinctly, which is also reflected in the prices; consequently, one should be careful not to buy the bank's shares just when

prices have touched high-water mark, and this seems to be the case at the present moment. The undermentioned sum will show us what price should be paid for the company's shares in order that an average dividend of $4\frac{1}{2}$ per cent. be returned upon the purchase money:—

$$\frac{14\frac{1}{2} \times 10}{4\frac{1}{2}} = 32\frac{2}{9}$$

They were below 33 in 1892, 1893, 1895, 1896, and 1897, and during a period of depression they will doubtless fall considerably. With a ratio of paid-up capital to liabilities of only 6·40, the bank can quite well afford to distribute large dividends, and those in question seem to have been earned without running any undue risk.

NORTH-EASTERN BANKING COMPANY, LIMITED.

Liabilities to the public are given as—

Deposits, Current Accounts, &c. ...	£3,721,669

£606,460 represents cash in hand, at Bank of England, and with other bankers, and shows a ratio to the above figures of 16·29—a good proportion, assuming, of course, that the cash with bankers is on demand.

Investments are—

British, Indian, and Colonial Government Securities	£775,353
Debentures, Debenture Stock, and Corporation Bonds	290,883
Other investments	44,578
	£1,110,814

These give a ratio to liabilities of 29·84, and it is quite pleasurable to notice that, in this instance, those mysterious investments included in the word "other" have been specified

NORTH-EASTERN BANKING COMPANY, LIMITED.

Head Office: NEWCASTLE-UPON-TYNE.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	16·29	29·84	46·13	8·62	3·82	12·44	64·70	£ 749,000

53,500 Shares of £20 each, and £6 paid.

Paid-up Capital - £321,000. Reserve Fund - £142,500.

all by themselves; but a bank which can show a strong list would surely not be so stupid as to vitiate it by including "other securities" among its Consols, and the North-Eastern Bank appears to be of the same opinion. However, perhaps it would have been better had securities of and guaranteed by the British Government been stated separately, and also had we been told the nature of its debentures.

Total liquid assets ratio, 46·13, is a very good proportion, which proves that the bank has adopted a prudent policy, and that it is trading well within the margin of safety.

Advances are put down as—

Bills Discounted	£377,859
Loans to Customers	2,030,127
	£2,407,986

These show a ratio of 64·70, which confirms the above impression. £86,785 is invested in premises.

The dividend for the half-year ended December last was at the rate of 12½ per cent. per annum.

NOTTINGHAM AND NOTTINGHAMSHIRE BANKING COMPANY, LIMITED.

Liabilities to the public are put down as—

Deposits, Current, and other Accounts	£2,988,800
Notes in circulation	19,275
	£3,008,075

£322,050 represents cash in hand, with London agents, brokers, and other bankers, and gives a ratio to liabilities of 10·70. Had this item consisted of actual cash it would have been none too much, but such a mixture does not appear to be adequate to meet accidents.

NOTTINGHAM AND NOTTINGHAMSHIRE BANKING COMPANY, LIMITED.

Head Office: NOTTINGHAM.

Date.	Ratio % of Cash in hand, with London Agents, Brokers, and Bankers to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	10·70	26·08	36·78	9·97	2·57	12·54	72·58	£ 900,000

60,000 Shares of £20 each, and £5 paid.

Paid-up Capital - £300,000. Reserve Fund - £77,500.

Investments are thus described :—

British, Colonial, and Foreign Government Securities, Debentures, and other investments, at cost	£784,519

These give a ratio to liabilities of 26·08, but how is it possible, from so crude a statement, to form the slightest idea of the bank's state of preparedness to meet its liabilities on demand? We have a cash-and-call-money mixture, and we know that the bank has *some* portion of the £784,519 invested in the Government securities mentioned above. Then we are calmly told that the balance sheet presents a correct "view" of the company's affairs, but it seems to me that the view is obstructed—completely hidden, in fact—by an impenetrable cloud.

Total liquid assets' ratio, 36·78, seems a little too small to be compatible with safe banking.

Advances are—

Bills Discounted	£170,987
Current Accounts and Loans	2,012,465
	£2,183,452

These give a ratio to liabilities of 72·58, and the bank's working capital does not appear large enough to support this proportion. £98,108 is invested in premises, and £25,940 in freehold properties.

The dividend distributed for the year was at the rate of nine per cent.

NOTTINGHAM JOINT STOCK BANK, LIMITED.

Head Office: NOTTINGHAM.

Date.	Ratio % of Cash in hand with Agents and at Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	14·88	19·48	34·36	10·28	8·54	18·82	83·49	£ 800,000

20,000 Shares of £50 each, and £10 paid.

Paid-up Capital - £200,000. Reserve Fund - £166,000.

NOTTINGHAM JOINT STOCK BANK, LIMITED.

Liabilities to the public are given as—

Current, Deposit, and other Accounts ...	£1,943,756

£289,278 represents cash in hand, with London agents, and at short notice, and shows a ratio to the above liabilities of 14·88. As, however, the bank lumps its cash and call money together, it is impossible to gauge the value of this asset.

Investments are stated as—

£154,688 $2\frac{3}{4}$ % Consols, £11,331 Local Loans 3 % (representing Reserve Fund)	£166,000
British, Indian, and Colonial Government Securities, English Railway Debenture and Preference Stocks, &c. ...	212,725
	£378,725

These show a ratio to liabilities of 19·48. It seems a pity that the bank in its second list does not state the amount of its holdings in British Government securities; and the "&c." is quaint. The ratio of total liquid assets, 34·36, seems too small, and its composition leaves much to be desired.

Advances are—

Bills discounted, Current and other Accounts	£1,622,866

These give a ratio to liabilities of 83·49; and it is evident that the company requires more working capital to support it, and at the same time to be in a position to meet those accidents which threaten a credit institution.

PARES'S LEICESTERSHIRE BANKING COMPANY, LIMITED.

Head Office: LEICESTER.

Date.	Ratio % of Cash in hand with London Agents, Brokers, and Bankers to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	23·20	15·12	38·32	17·65	9·32	26·97	88·51	£ 650,000

20,000 Shares of £25 each, and £12 10s. paid. 20,000 Shares of £25 each, and £5 paid.

Paid-up Capital - £350,000. Reserve Fund - £185,000.

£39,291 is locked up in premises, and the dividend distributed for the year was at the rate of 12½ per cent. The Nottingham local banks are certainly not strong.

PARES'S LEICESTERSHIRE BANKING COMPANY, LIMITED.

Liabilities to the public are given as—

Deposit, Current and other Accounts ...	£1,963,944
Notes in circulation	18,980
	£1,982,924

£460,222 represents cash in hand, with London agents, brokers, and other bankers; and the ratio per cent. to the above liabilities is 23·20. The proportion seems a fair one; but a cash-and-call-money mixture of this description may prove a screen for a very weak position indeed; consequently, one can form no reliable estimate of its value.

Investments are—

British and Indian Government Securities, Debenture Stocks, Preference Shares, and other investments	£300,000

These show a ratio to liabilities of 15·12; and here again one can form no opinion whatsoever of the value of this asset to a credit institution, whose position may one day depend upon the speedy realization of its investments, or upon its ability to deposit certain securities with the Bank of England. Surely then a banking company should compile its balance sheet so that one can instantly ascertain its state of preparedness, and one would think that depositors whose balances are at stake would see that a company which is in their debt has not neglected its duty to its customers, but, as a matter of fact, ninety per cent. of them are quite ignorant of the dangers of credit banking.

They see figures in the balance sheet representing hundreds of thousands, and immediately assume that a company which deals in such totals must be safe, when perhaps its position is positively dangerous.

The ratio of total liquid assets to liabilities is 38·32, and even were its composition in every way satisfactory (in this case we cannot tell whether it be or not) this proportion at the best would be barely sufficient to meet a bad run.

Advances are—

Bills discounted	£325,373
Current Accounts and Loans	1,429,783
	£1,755,156

The ratio to liabilities is 88·51, which seems a little too large for the bank to support.

£40,458 is invested in premises, and the dividend distributed for the year was at the rate of $12\frac{1}{2}$ per cent.

PARR'S BANK, LIMITED.

Liabilities to the public are given as—

Deposits, Current Accounts and Circular Notes	£24,225,103
Notes in circulation in the Isle of Man ...	9,666
Drafts &c.	277,340
	£24,512,109

£4,156,495 represents cash in hand and at the Bank of England, and shows a ratio of 16·95—a good proportion.

Money at call and short notice is put down at £3,436,689; and the ratio will be found in the second division of our form.

PARR'S BANK, LIMITED.

Head Office: 4 BARTHOLOMEW LANE, LONDON, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	16·95	14·02	12·62	43·59	5·97	5·97	11·94	66·83	£ 5,854,000

73,175 Shares of £100 each, and £20 paid.

Paid-up Capital - £1,463,500. Reserve Fund - £1,463,500.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	75	$79\frac{3}{4}$	$78\frac{1}{2}$	81	$93\frac{1}{2}$	94	$93\frac{7}{8}$	93	$91\frac{1}{2}$	
Lowest	$72\frac{3}{4}$	71	73	$76\frac{1}{4}$	$78\frac{1}{2}$	$88\frac{3}{4}$	89	85	86	
Dividend % ...	19	19	19	19	19	19	19	19	20	$19\frac{1}{9}$

Investments are—

£1,000,000 Consols at 90	£900,000
English Railway Debentures and other first class Stocks	2,193,722
	£3,093,722

These give a ratio to liabilities of 12·62, and it would be interesting if this bank were to throw a little more light upon its extremely vague description of over two millions of money, and inform us whether these first-class stocks be such as a bank would find invaluable in case of need. For instance, what is the total amount of its holdings in securities of and guaranteed by the British Government? The first item could not be better, but "other first class stocks" is an unsatisfactory entry, and may provide a cloak for assets which are undesirable from a banking standpoint, though I quite believe that, were the various holdings given, they would be found satisfactory.

Total liquid assets, 43·59, with the above reservation, shows that the bank is trading prudently, and that it is prepared to meet those accidents which threaten a credit institution, though its state of preparedness is not equal to that of, say, the Westminster, the Union, the London and County, the London City and Midland, and other banks which could be named.

Advances are given as—

Bills discounted	£2,279,878
Loans and Current Accounts	14,103,204
	£16,383,082

These show a ratio to liabilities of 66·83, which the bank can support. £628,381 is invested in premises;

liabilities upon acceptances are stated at £2,830,040, and upon foreign bills negotiated at £22,169.

Distributions, we can see from our list, have been remarkably steady, and the movement in prices during 1896 was doubtless caused by the bank's amalgamation with the Consolidated; but these absorptions, as a rule, do not result in increased distributions, for the directors of each company are anxious to make the best bargain they can for their members, consequently the dividend-paying capacity of a company is seldom greatly increased by the accretion of additional business through absorption. This seems to have been the case with Parr's, whose dividends did not respond so readily to improving trade and rising bank rates as one would have imagined, especially as its ratio of paid-up capital to liabilities is small.

The following sum shows us what price should be given for the bank's shares in order to return an average distribution of $4\frac{1}{2}$ per cent. upon the capital invested:—

$$\frac{19\frac{1}{9} \times 20}{4\frac{1}{2}} = 84\tfrac{7}{8} \text{ (about).}$$

If a would-be purchaser wait, the price should be found considerably below these figures during the next year or two.

PRESCOTT, DIMSDALE, CAVE, TUGWELL & CO., LIMITED.

£5,091,132 represents liabilities to the public on deposit and current accounts, and cash in hand and at Bank of England is put down as £836,012, giving a ratio to the above liabilities of 16·42—a good proportion.

Cash at call and short notice is stated as £1,209,900, and the proportion to liabilities will be found in the second division of our form.

PRESCOTT, DIMSDALE, CAVE, TUGWELL & CO., LIMITED.

Head Office: 50 CORNHILL, LONDON, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1901. 31 Jan.	16·42	23·76	16·48	56·66	8·01	4·0	12·01	53·36	£ 866,796

50,988 Shares of £25 each, and £8 paid.

Paid-up Capital - £407,904. Reserve Fund - £203,952.

Investments are—

Consols and other Imperial Government Securities	£567,603
Bank of England Stock, Indian and Colonial Government Securities, Corporation Stocks, British Railway Debenture and Preference Stocks...	245,312
Railway Ordinary Stocks and other Securities	26,178
	£839,093

These give a ratio to liabilities of 16·48, and total liquid assets' ratio, 56·66, proves that the bank is in an excellent state of preparedness to meet its indebtedness to customers at a moment's notice. The balance sheet, we can see, is skilfully compiled, other securities being carefully divided from the more useful assets, while those of the British Government are carried out separately. We can therefore see its position at a glance, and perhaps were certain other banks upon our list as well prepared they would issue straightforward balance sheets, which would place their positions beyond a doubt. The only fault one can find with the present statement is that the bank appears to have a little too much money at call and notice.

Advances are put down as—

Bills discounted	£518,208
To Customers	2,198,559
	£2,716,767

These give a ratio to liabilities of 53·36, a proportion the bank can support with ease.

£232,470 is locked up in premises, and £219,268 represents the bank's liability upon acceptances and guarantees.

SHEFFIELD AND HALLAMSHIRE BANK, LIMITED.

Head Office: SHEFFIELD.

Date.	Ratio % of Cash in hand, with Agents, at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 30 June.	12·22	14·39	26·61	17·61	12·21	29·82	102·10	£ 900,000

60,000 Shares of £20 each, and £5 paid.

[In 1898 the old £100 Shares, £25 paid, were subdivided.]

Paid-up Capital - £300,000. Reserve Fund - £208,004.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$59\frac{1}{2}$	61	60	$60\frac{1}{2}$	$61\frac{1}{2}$	$61\frac{1}{2}$	$73\frac{1}{4}$	—	—	
Lowest	57	$58\frac{1}{4}$	$56\frac{1}{2}$	$58\frac{1}{4}$	58	$59\frac{7}{8}$	61	—	—	
Highest, New Shares	—	—	—	—	—	—	$14\frac{3}{5}$	$15\frac{1}{2}$	$14\frac{3}{4}$	
Lowest ,, ,,	—	—	—	—	—	—	13	14	$12\frac{1}{2}$	
Dividend %	12	$11\frac{1}{2}$	$11\frac{1}{2}$	$11\frac{1}{2}$	$11\frac{1}{2}$	$12\frac{1}{2}$	$12\frac{1}{2}$	$12\frac{1}{2}$	$12\frac{1}{2}$	12

SHEFFIELD AND HALLAMSHIRE BANK, LIMITED.

Liabilities to the public are given as—

Deposit, Current, and other Accounts ...	£1,695,010
Notes in circulation	8,495
	£1,703,505

£208,319 represents cash in hand, with agents, at call and short notice, and shows a ratio to the above liabilities of 12·22. The bank, then, held £12·22 of this cash-and-call-money mixture to each £100 of its indebtedness to the public, and the proportion seems too small.

Investments are described thus—

Consols, Railway Debenture and Corporation Stocks &c.	£245,262

These show a ratio per cent. to liabilities of 14·39; but the compiler of the statement, though beautifully concise in his description, gives us no information whatsoever of the amount of the bank's holdings in the various securities mentioned therein, consequently we are quite unable to ascertain the state of preparedness in which the company was on the 30th June last to meet its liabilities at a moment's notice. Then what is the value of the balance sheet? How much is invested in Consols, how much in railway debentures, and how much in "&c."? If the company will state this, and will give the amount of its actual cash in hand separately, then its balance sheet will exhibit a correct "view" of the state of its affairs, *i.e.*, of its preparedness to meet its obligations on demand. It certainly does not do so in its present form.

The ratio of total liquid assets to liabilities is 26·61, which seems totally inadequate to meet those possible accidents to which a credit bank is liable. The bank

possesses £26·61 of cash-and-call-money mixture plus investments to meet each £100 of its public indebtedness, and were it called upon to make the attempt during normal times it might experience some difficulty, whilst during a crisis its existence as a bank would be at stake.

£1,739,428 represents bills discounted and balances owing to the bank, and gives a ratio to liabilities of 102·10, which proves plainly enough that the company, despite its large working capital, is trading with too great a proportion of its deposits. To place its business on a sound basis a considerable addition to the bank's paid-up capital is essential. £41,000 is invested in premises.

Distributions, we can see from our list, have been fairly steady, but a bank which has a ratio of paid-up capital to liabilities of 17·61 can never support an average dividend of 12 per cent. and at the same time keep a sufficient proportion of liquid assets in hand as an insurance fund against accidents.

The following sum shows at what price its shares should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. :—

$$\frac{12 \times 5}{4\frac{1}{2}} = 13\frac{1}{3}$$

However, they appear dear at the above figures, for an accretion to capital would reduce the dividend-paying capacity of the bank.

SHEFFIELD AND ROTHERHAM JOINT STOCK BANKING COMPANY, LIMITED.

Liabilities to the public are stated as—

Deposit, Current, and other Accounts	£2,547,246
Notes in circulation	10,465
	£2,557,711

SHEFFIELD AND ROTHERHAM JOINT STOCK BANKING COMPANY, LIMITED.

Head Office: SHEFFIELD.

Date.	Ratio % of Cash in hand, with Bank of England and London Agents, at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	21·39	22·68	44·07	10	9·56	19·56	75·46	£ 1,344,000

32,000 Shares of £50 each, and £8 paid.

Paid-up Capital - £256,000. Reserve Fund - £244,652.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	26	$24\frac{1}{8}$	25	$25\frac{1}{4}$	$27\frac{1}{4}$	$27\frac{1}{2}$	28	$28\frac{7}{8}$	$29\frac{1}{2}$	
Lowest	$23\frac{7}{8}$	23	24	$23\frac{7}{8}$	$25\frac{1}{4}$	$25\frac{7}{8}$	26	27	$24\frac{3}{8}$	
Dividend % ...	15	$14\frac{1}{16}$	15	15	15	15	15	$16\frac{1}{4}$	$16\frac{7}{8}$	$15\frac{1}{4}$ (about).

£547,240 represents cash in hand, at Bank of England, at London agents, &c., at call and short notice, and shows a ratio to public liabilities of 21·39. The proportion seems a good one; but as the bank does not specify its actual cash in hand, it is obviously impossible to learn its true position.

Investments are—

£300,000 $2\frac{3}{4}$ % Consols	£289,580
Railway Debentures, Consolidated Guaranteed and Preference Stocks, Corporation Stocks, &c.	290,629
	£580,209

These show a ratio to liabilities of 22·68, which is a good proportion, although the second item is awkwardly arranged. The ratio of total liquid assets, 44·07, seems to indicate that the bank is trading prudently, and that it is well prepared against accidents, though we do not know the amount of its actual cash in hand.

£1,930,069 represents bills, advances, and loans, and gives a proportion to liabilities of 75·46, which the bank can support comfortably. £30,445 is locked up in premises.

Distributions, we can see from our list, have fluctuated somewhat, though not to any marked extent; and the bank did not appear to profit by the higher bank rates of 1896, 1897, and 1898, possibly because advances are made in Sheffield and the district at from four-and-a-half to five per cent., irrespective of the official minimum ruling at the time, though dividends improved during 1899 and 1900 when loanable capital was greatly in demand.

Again, the company increased its paid-up capital in April, 1900, to the extent of £64,000, thereby reducing its dividend-paying capacity by one quarter, and though, in spite of this accretion, it paid an increased dividend

for the half-year ended December last, when trade was good and loanable capital dear, it must obviously feel the addition when demand lessens and rates fall, consequently, we should expect to see its average distribution for the next nine years proportionately less than that for the term under discussion. The following sum will show us at what price its shares should be bought in order to return a probable average dividend of four-and-a-half per cent. on the purchase money:—

$$\frac{15\frac{1}{4} \times 8 \times 3}{4\frac{1}{2} \times 4} = 20\frac{1}{3}$$

These figures are most probably too small, but, everything considered, the present time is decidedly one to turn a paper profit into a cash one rather than to buy for a further rise. We have seen that the bank is prudently managed, and if its shares, when dividends decline, fall to say 24, they seem worth buying.

SHEFFIELD BANKING COMPANY, LIMITED.

Liabilities to the public are given as—

Deposit, Current and other Accounts ...	£3,544,191
Notes in circulation	11,575
	£3,555,766

£950,654 represents cash in hand, and balances with other bankers, at call and short notice, and shows a ratio to the above liabilities of 26·73; but as the bank has neglected to state the amount of its actual cash separately, one cannot tell in what state of preparedness it was on the 31st December last to discharge its indebtedness at a moment's notice. It appears to be a local custom for the Sheffield banks to mix their cash and money at call and short notice together, and then to state that the balance sheet "exhibits a true and

SHEFFIELD BANKING COMPANY, LIMITED.

Head Office: SHEFFIELD.

Date.	Ratio % of Cash in hand and with Bankers, at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	26·73	13·42	40·15	9·40	5·39	14·79	73·78	£ 621,075

19,110 Shares of £50 each, and £17 10s. paid.

Paid-up Capital - £334,425. Reserve Fund, £191,970.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$51\frac{1}{2}$	49	51	$52\frac{1}{4}$	$50\frac{5}{8}$	52	$52\frac{1}{8}$	$54\frac{1}{2}$	56	
Lowest	49	47	$48\frac{3}{4}$	$49\frac{3}{4}$	$48\frac{11}{16}$	49	$50\frac{1}{4}$	$52\frac{7}{8}$	53	
Dividend % ...	$12\frac{1}{2}$	$12\frac{1}{2}$	$12\frac{1}{2}$	$12\frac{1}{2}$	$12\frac{1}{2}$	$12\frac{1}{2}$	$12\frac{1}{2}$	14	$14\frac{1}{2}$	$12\frac{8}{9}$

correct view of the company's affairs," when as a matter of fact such a mixture may conceal a somewhat risky and reprehensible policy. These assets are not homogeneous. Each has a distinct value, and it is absurd to assert that the balance sheet discloses the bank's position. This asset is a mere jumble of figures, flung together without the slightest sense of proportion, and the statement vitiates the balance sheet as a whole.

Investments are—

£200,000 $2\frac{3}{4}$ % Consols	£190,000
Debentures, Municipal and Colonial Securities and Preference Shares and Stocks	287,402
	£477,402

These show a ratio to liabilities of 13·42; and the proportion of total liquid assets, 40·15, proves that the bank is not trading with too large a proportion of its deposits, though it seems to have advanced quite as much as it can support safely.

Advances are put down as—

Bills discounted	£329,606
Current Accounts and Loans	2,118,867
Short Loans on Stocks	175,323
	£2,623,796

Here we find a ratio per cent. to liabilities of 73·78, which confirms the above remarks. £63,748 is invested in premises.

Distributions were steady during the depressed portion of the cycle, and did not increase until 1898, when the demand for loanable capital made money appreciably dearer. It certainly looks, from the dividends of the Sheffield banks, that money can be lent at from 4 to $4\frac{1}{2}$, when the Bank of England rate is at $2\frac{1}{2}$ or 3, and

if this be the case, their customers, were they to make the attempt, might possibly discover that they could borrow more cheaply elsewhere.

The following sum shows at what price the bank's shares should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. on the purchase money:—

$$\frac{12\frac{8}{9} \times 17\frac{1}{2}}{4\frac{1}{2}} = 50\frac{1}{8}$$

They have been below these figures each year from 1892 to 1897 inclusive, and if a would-be purchaser wait he will probably find them as low again during the next two or three years, whilst the present moment seems ripe for taking any accretion to capital value.

SHEFFIELD UNION BANKING COMPANY, LIMITED.

Liabilities to the public are given as—

Deposit, Current, and other Accounts ...	£1,302,372

£154,873 represents cash in hand, with Bank of England and other bankers, at call and short notice, and gives a ratio to liabilities of 11·89, which, did it consist entirely of actual cash and cash balances on demand with other bankers would be merely a respectable proportion; but seeing that this item is a cash-and-call-money mixture, which would be of doubtful liquidity during a commercial crisis, it is evident that the bank's state of preparedness is not compatible with prudent banking.

Investments are—

£40,000 New $2\frac{1}{2}$ % Stock	£36,000
Debentures and Preference Shares, Stocks, &c.	214,492
	£250,492

These give a ratio to liabilities of 19·23, but it is impossible to say of what value the items would be to a banking

SHEFFIELD UNION BANKING COMPANY, LIMITED.

Head Office: SHEFFIELD.

Date.	Ratio % of Cash in hand, at Bank of England, and at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 30 June	11·89	19·23	31·12	13·82	4·99	18·81	86·25	£ 540,000

18,000 Shares of £40 each, and £10 paid.

Paid-up Capital - £180,000. Reserve Fund - £65,000.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$20\frac{5}{8}$	$20\frac{15}{16}$	$20\frac{1}{2}$	$21\frac{3}{4}$	$22\frac{3}{4}$	$24\frac{1}{4}$	27	29	$28\frac{3}{8}$	
Lowest	$19\frac{1}{2}$	$19\frac{5}{8}$	$19\frac{3}{4}$	$20\frac{1}{4}$	$21\frac{3}{4}$	$22\frac{3}{8}$	$24\frac{3}{4}$	$27\frac{1}{2}$	$23\frac{3}{4}$	
Dividend % ...	$8\frac{3}{4}$	9	$9\frac{1}{4}$	$9\frac{1}{2}$	$9\frac{3}{4}$	10	$10\frac{1}{2}$	$11\frac{1}{4}$	$11\frac{1}{4}$	$9\frac{11}{12}$

company in times of stress. The first entry could not be better, but the total is small; and the second one merely tells us that the bank has so much money in debentures, shares, &c., which is a ludicrous statement if the balance sheet be intended to give one an idea of the applicability of the securities to a banking business. What creditor would accept such a statement as this from a debtor?

The ratio of total liquid assets to liabilities is 31·12, which seems too small, whilst of its composition we can learn but little, as important and necessary details are not given in the balance sheet. The bank possesses £31·12 of liquid assets to meet each £100 of its indebtedness to the public; and it seems to require an accretion to its paid-up capital which will enable it to increase this proportion to at least 40 per cent. in order to conduct its business on a fairly sound basis.

Advances are put down as—

Bills discounted, Current Accounts, and Loans £1,123,406

These give a ratio to liabilities of 86·25, a proportion which appears beyond the bank's strength to support safely with its present amount of working capital.

£46,250 is invested in premises, and bills to the tune of £11,305 were re-discounted with the Bank of England in lieu of a note issue.

Dividends have been of a progressive nature during the period under discussion, and prices have risen in sympathy with them. Indeed, purchasers of its shares in 1894 made a fairly good investment; but it seems highly improbable that a bank, whose ratio of paid-up capital to liabilities is as large as 13·82, will support $11\frac{1}{4}$ per cent. during the depressed portion of a cycle; consequently, the present seems the right moment to turn a paper profit into a cash one.

The following sum shows us at what price its shares should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. upon the purchase money:—

$$\frac{9\frac{11}{12} \times 10}{4\frac{1}{2}} = 22 \text{ (about).}$$

It must be remembered, however, that the bank seems to require more capital, which would reduce its dividend-paying capacity, and also that at the present time stronger and more prudently managed banks offer like opportunities.

STAMFORD, SPALDING, AND BOSTON BANKING COMPANY, LIMITED.

Liabilities to the public are given as—

Deposit and Current Accounts	£3,030,558
Notes in circulation	32,190
	£3,062,748

£333,052 represents cash in hand and with London bankers, and shows a ratio to the above liabilities of 10·87 —a fair proportion.

Money at call and short notice is put down as £135,000, and gives a ratio to liabilities of 4·40.

Investments are—

British Government Securities	£126,000
Securities guaranteed by British and Indian Governments	116,019
Colonial Government Securities	105,548
British Railway Debenture and Preference Stocks and other Securities	224,979
	£572,546

These show a ratio to liabilities of 18·69, and the list is well arranged, though it would be interesting to know the amount of "other securities." Total liquid assets' ratio, 33·96, seems too small. The bank possesses £33·96 of

STAMFORD, SPALDING, AND BOSTON BANKING COMPANY, LIMITED.

Head Office: STAMFORD.

Date.	Ratio % of Cash in hand and at London Bankers to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	10·87	4·40	18·69	33·96	9·61	4·11	13·72	77·62	£ 589,180

29,459 Shares of £30 each, and £10 paid.

Paid-up Capital - £294,590. Reserve Fund - £126,000.

liquid assets to meet each £100 of its liabilities to the public, a proportion which is inadequate as an insurance fund against the risks of credit banking.

Advances are put down as—

Overdrafts, Loans, and Properties held...	£2,208,566
Bills discounted	148,572
Brokers' Bills	20,253
	£2,377,391

Here we find a ratio to liabilities of 77·62; and it is evident that the bank, in order to conduct its business on a safe basis, should increase its capital to such an extent as will enable it to maintain a ratio of total liquid assets to liabilities of at least 40 per cent. The company seems quite satisfied with its position, for it has bought £20,253 of brokers' bills, which it seems to consider as a liquid asset. But, I take it, these bills have been bought from a broker, just as trade bills are purchased from their customers; consequently the item has been included with advances. £95,431 is invested in premises, stamps, &c.

The dividend paid for the year was at the rate of 10 per cent., and £10,000 was carried to reserve, so it cannot be said the company distributed too much among its members, though it is evident that its state of preparedness to meet its liabilities to the public should be increased.

STUCKEY'S BANKING COMPANY, LIMITED.

Liabilities to the public are given as—

Current, Deposit, and other Accounts ...	£6,501,285
Notes and Drafts in circulation	106,726
	£6,608,011

£394,417 represents cash at Bank of England, with bankers, and in hand, and shows a ratio to liabilities of 5·96—a small proportion.

STUCKEY'S BANKING COMPANY, LIMITED.

Head Office: LANGPORT.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31st Dec.	5·96	7·56	65·26	78·78	6·17	5·37	11·54	32·06	£ 1,632,000

34,000 Shares of £60 each, and £12 paid.

Paid-up Capital - £408,000. Reserve Fund - £355,000.

Loans to bill brokers, at call and short notice are given as £500,000, and the ratio to liabilities is 7·56.

Investments are—

£1,210,000 Consols at 90, and other British Government Stock (£40,000 Consols hypothecated)	£1,783,467
Metropolitan Stock, City Bonds, and Bank of England Stock	535,470
Canadian, Egyptian, and Turkish Stock, guaranteed by Imperial Government	279,188
Indian Government Stocks and Debentures	365,925
Dutch Stock, Swedish, German, Prussian, Norwegian, and Danish Government Bonds	76,947
Colonial and Corporation Stocks and Bonds	406,755
British, Colonial, and Indian Railway Debentures and Debenture Stocks...	611,770
British and Indian Railway Guaranteed, Preference, and Ordinary Stocks ...	253,181
	£4,312,703

These give a ratio to liabilities of 65·26, and we see that the bank has £78·78 of liquid assets to meet each £100 of its indebtedness to customers—a splendid state of preparedness. However, the composition of these assets affords grounds for interesting speculation. Possibly 90 per cent. of Messrs. Stuckey's customers understand very little about a bank's balance sheet, and were some silly rumour to be disseminated, it is quite possible, despite the bank's well compiled and straightforward statement (which proves it to be trading with the utmost prudence) that an ugly run might occur. Now, would 5·96 of cash in hand and with bankers prove sufficient to stem such

a panic? If it would not, then the bank ought to increase its cash in hand. It is quite true that its excellent statement ought so to preclude the slightest suspicion, that the person who can read it would smile at the mere suggestion, but the majority of its customers are doubtless of the unreasoning variety; and it seems equally true that, were the bank caught with 5·96 per cent. of cash in hand at an awkward moment, it might find the situation uncomfortable, especially during a crisis. It is questionable whether even so strong and prudently managed a bank as this can afford to maintain a ratio per cent. of cash in hand and with bankers of less than 10 per cent.

Advances are put down as—

Bills discounted, Current Accounts, and Loans	£2,118,603

These give a ratio per cent. to liabilities of 32·06, a proportion the bank can support with positive ease. In fact, the company's investments alone cover this amount twice over.

Other estate, not included in investments, is entered as £51,629, and £48,648 is invested in premises.

A profit and loss account is not published on the report, but the bank's ratio of paid-up capital to liabilities is small, consequently, its dividend-paying capacity is proportionately great, and $23\frac{1}{3}$ per cent. was distributed in June 1900.

UNION BANK OF LONDON, LIMITED.

Liabilities to the public are stated as—

Deposits and Current Accounts ...	£18,090,315
Interest due on Deposits, Unclaimed Dividends, &c.	320,727
	£18,411,042

UNION BANK OF LONDON, LIMITED.

Head Office: 2 PRINCES STREET, LONDON, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	20·79	18·59	16·39	55·77	9·26	4·61	13·87	55·92	£ 9,295,000

110,000 Shares of £100 each, and £15 10s. paid.

Paid-up Capital - £1,705,000. Reserve Fund - £850,000.

	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	43	$40\frac{3}{4}$	$37\frac{1}{4}$	$34\frac{1}{4}$	$33\frac{1}{2}$	$35\frac{3}{4}$	$37\frac{1}{2}$	$37\frac{3}{4}$	$40\frac{1}{8}$	$39\frac{1}{2}$	
Lowest	$38\frac{3}{4}$	$34\frac{1}{2}$	$30\frac{3}{4}$	$30\frac{1}{2}$	$30\frac{3}{8}$	30	32	$34\frac{1}{4}$	$36\frac{3}{4}$	$36\frac{5}{8}$	
Dividend per Share	38/9	$34/10\frac{1}{2}$	31/-	31/-	27/3	29/6	32/6	34/-	35/6	37/- {	33/- (about) or $10\frac{20}{31}$

Cash is thus described—

In hand	£1,566,220
In Bank of England	2,261,694
	£3,827,914

The ratio to liabilities is 20·79—an excellent proportion. Moreover, there is no attempt at concealment in this statement, which enables one to see at a glance the exact amount of cash the bank had in its tills and strong rooms, and the sum standing to its credit at the Bank of England. Why cannot the other banks supply an equally lucid account of their cash in hand? I think it is because were they to publish balance sheets showing a "true and correct view" of their affairs, the cash in their safes would be found, in some instances, not to exceed 4 per cent. of their liabilities to the public. Here is a company which gives one a full and fair statement; and the moral is—bank with it.

£3,424,000 represents money at call and short notice, and shows a ratio to liabilities of 18·59.

Investments are—

Securities of and guaranteed by the British Government	£1,371,690
Indian Railway Guaranteed Bonds ...	317,370
English Corporation Stocks, Foreign Government Bonds, British and Foreign Railway Debenture Stocks and Bonds	444,746
Other Investments	33,850
£450,000 Local Loans, £460,000 $2\frac{3}{4}$ % Consols, representing Reserve Fund	850,000
	£3,017,656

These give a ratio to liabilities of 16·39; and the proportion of total liquid assets, 55·77, shows that the

bank is prudently managed, and in an excellent state of preparedness to meet its liabilities to the public.

Advances are put down as—

Bills of three months and under ...	£3,561,835
Bills exceeding three months	259,620
Loans and Advances	6,475,424
	£10,296,879

The ratio to liabilities, 55·92, confirms the above conclusions.

Other assets, being interest due on investments &c., are given as £43,366, and £544,652 is locked up in premises, whilst the company's liabilities upon acceptances and endorsements amount to £2,073,843.

Distributions, we can see from our list, are of a fluctuating character, as one would expect of a purely London Bank, which has no country branches where money can be lent at from 4 to 5 per cent. when the bank rate is at, say, $2\frac{1}{2}$ or 3.

The following sum shows what price should be given for its shares in order that an average dividend of $4\frac{1}{2}$ per cent. be returned on the purchase money:—

$$\frac{10\frac{20}{31} \times 15\frac{1}{2}}{4\frac{1}{2}} = 36\frac{2}{3}$$

Dividends and prices show the downward and upward sweep of the cycle distinctly, and if the would-be purchaser wait, he should be able to buy at considerably below the above figures. The present time seems opportune for taking any accretion to capital value.

UNION BANK OF MANCHESTER, LIMITED.

Head Office: MANCHESTER.

Date.	Ratio % of Cash in hand, at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 30 June.	13·89	4·10	17·99	13·11	8·93	22·04	100·50	£ 700,000

50,000 Shares of £25 each, and £11 paid.

Paid-up Capital - £550,000. Reserve Fund - £375,000.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$22\frac{3}{8}$	$22\frac{7}{8}$	$22\frac{1}{8}$	$22\frac{5}{8}$	$26\frac{1}{8}$	27	$28\frac{1}{4}$	30	29	
Lowest	$20\frac{1}{4}$	$20\frac{1}{2}$	$20\frac{7}{8}$	21	$22\frac{1}{2}$	$24\frac{5}{8}$	$26\frac{3}{4}$	$26\frac{7}{8}$	25	
Dividend % ...	10	10	10	10	10	$10\frac{5}{11}$	$10\frac{10}{11}$	$10\frac{10}{11}$	$10\frac{10}{11}$	$10\frac{1}{3}$ (about)

UNION BANK OF MANCHESTER, LIMITED.

Liabilities to the public are given as—

Current and Deposit Accounts, and Rebate of Bills on hand £4,195,228

£582,754 represents cash in hand, at call and short notice, and shows a ratio per cent. to the above liabilities of 13·89. One cannot, however, learn the bank's state of preparedness from a cash-and-call-money mixture of this description.

Investments are described thus—

Consols and other Securities £172,174

These show a ratio to liabilities of 4·10, one of the smallest proportions of investments held by any bank in the United Kingdom. Indeed, it is remarkable that the bank's investments are not equal to half of its reserve fund, and that those in authority should deem this state of affairs satisfactory. Then, again, the above description is extremely vague, and simply tells us that the bank possesses some Consols and some other investments, which are worth a certain sum. But what is the amount of the said Consols, and are the "other securities" such as a bank could sell readily during a run, or such as would be accepted by the Bank of England during a crisis? The balance sheet, it is apparent, is so lacking in essential details that one can learn but little about the company's position to meet its indebtedness on demand, for cash is lumped with call money, and investments are not specified.

The ratio of total liquid assets, 17·99, seems utterly inadequate as an insurance fund against accidents. The bank possesses £17·99 in cash, money at call and notice, and investments, to meet each £100 of its indebtedness to customers, and the task seems a difficult one. During

normal times were a run made upon it its rivals would most probably have to come to its assistance, whilst during a crisis the situation would be extremely serious.

Advances are put down as—

Bills on hand and Loans to Customers ... £4,216,458

The ratio per cent. to liabilities is 100·50. The bank, then, has discounted and advanced more to its customers than the total amount of its indebtedness to the public. It is, therefore, trading with all its deposits and about 3 per cent. of its working capital into the bargain—a position which is untenable. Were a large London bank to publish a balance sheet of this description the public would become nervous; whilst if English banking were conducted on such a basis, there would be a terrible day of reckoning in store for the nation. Caution is the soul of banking, and no credit institution which is trading with money at demand and short notice can afford to keep less than 40 per cent. of liquid assets in hand against possible accidents, yet here is a bank which only has 17·99. The paradox is that, though the bank is doubtless quite solvent, its proportion of total liquid assets to liabilities is too small to render its position comparatively safe should its customers take alarm thereat and withdraw their balances. A bank is certainly most unwise to run this risk, and the Union Bank of Manchester, in order to conduct its business on a safe basis, should increase its capital to such an extent as will enable it to maintain a ratio of liquid assets to liabilities of at least 40 per cent.

£197,364 is invested in premises, and liabilities upon acceptances amount to £320,329.

Distributions did not begin to increase until the prosperous portion of the cycle had well set in, and then they moved but little, possibly because money is lent in the district irrespective of low bank rates. Then, again, a company whose paid-up capital stands at a ratio of 13·11 to

its public liabilities cannot distribute sensational dividends thereupon. The following sum shows at what price its shares should be bought in order to return a dividend of $4\frac{1}{2}$ per cent. upon the purchase money:—

$$\frac{10\frac{1}{3} \times 11}{4\frac{1}{2}} = 25\tfrac{7}{27}$$

The present time is certainly an excellent one to take any accretion to capital value, for it seems that the bank will be compelled to add to its paid-up capital, when its dividend-paying capacity would be reduced. On the other hand, it may obviate this necessity by amalgamating with a larger and stronger bank. Would-be purchasers, however, should consider the situation seriously, for it is one thing to buy the shares of a bank which maintains a ratio of from 40 to 50 per cent. of liquid assets to liabilities, and quite another to invest in those of a company whose proportion is only 18 per cent.

WAKEFIELD AND BARNSLEY UNION BANK, LIMITED.

Liabilities to the public are given as—

Credit Balances, Deposits, Drafts, &c....	£1,120,651
Notes in circulation	5,615
	£1,126,266

£145,015 represents cash in hand, with bankers, and at short notice, and gives a ratio to liabilities of 12·87—a proportion which, did it consist entirely of actual cash, would be satisfactory, but the present mixture seems too small to be compatible with prudent banking.

Investments are—

English Government and Railway Stocks...	£147,654

These show a ratio to liabilities of 13·11, but the statement, to be of service, should tell us the exact amount of the bank's

WAKEFIELD AND BARNSLEY UNION BANK, LIMITED.

Head Office: WAKEFIELD.

Date.	Ratio % of Cash in hand, with Bankers, and at Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	12·87	13·11	25·98	11·98	11·98	23·96	98·40	£ 365,000

10,000 Shares of £50 each, and £13 10s. paid.

Paid-up Capital - £135,000. Reserve Fund - £135,000.

holding in Government securities, and this the company refrains from doing, though it does tell us that the balance sheet exhibits a correct view of its affairs. It would do so did the bank state the amount of its actual cash in hand and other particulars above referred to.

Total liquid assets amount to 25·98. The bank, then, possesses £25·98 of cash-and-call-money mixture and of investments to meet each £100 of its liabilities to the public, and, perhaps, the compilers of its balance sheet can explain how it could be done.

Advances are put down as—

Bills discounted	£67,837
Current Accounts &c.	1,040,508
	£1,108,345

The ratio per cent. to liabilities is 98·40, which plainly tells us that the bank is trading with too large a proportion of its deposits, and that an accretion to paid-up capital should be made in order to place the company in a fair state of preparedness to meet its indebtedness to customers at call and notice—for its present position seems decidedly weak. £20,000 is invested in premises.

The distribution for the year was at the rate of $12\frac{1}{2}$ per cent., but, seeing that the company's ratio of paid-up capital to liabilities is 11·98, such a dividend is evidently too great a tax upon its resources.

Nor has it escaped notice that £12,000 has been written off the reserve fund to provide for a bad debt of an exceptional character. Taking into consideration the bank's weakness in liquid assets, a reduction in the dividend would have been a wiser alternative.

WEST RIDING UNION BANKING COMPANY, LIMITED.

Head Office: HUDDERSFIELD.

Date.	Ratio % of Cash in hand, Money at Call and Short Bills to Liabilities of the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	14·39	25·38	39·77	15·53	3·17	18·70	76·27	£ 1,264,240

31,606 Shares of £50 each, and £10 paid.

Paid-up Capital - £316,060. Reserve Fund - £64,517.

WEST RIDING UNION BANKING COMPANY, LIMITED.

Liabilities to the public are given as—

Current, Deposit, and other Accounts...	£2,025,065
Notes in circulation	8,820
	£2,033,885

£292,753 represents cash in hand, money at call, and short bills, and shows a ratio to the above liabilities of 14·39. Not only does the bank lump cash and call money together, but it also, as though to further vitiate the statement, includes short bills, thereby making it impossible for its customers to ascertain the company's state of preparedness to meet its indebtedness to them at a moment's notice.

Investments are—

British and Colonial Government Securities, English Railway Preference and Debenture Stocks, Bonds of Municipal Corporations, and other securities... ...	£516,286

These show a ratio to liabilities of 25·38, but the statement is so lacking in detail, and of so general a character, that one cannot tell whether or not the bank be strong in those securities which are essential to a credit institution, and though the proportion of total liquid assets, 39·77, is a fair one, the balance sheet is compiled in such a manner as to leave one in doubt as to the bank's strength.

Advances are—

Bills Discounted and Advances to Customers...	£1,551,351

The proportion per cent. to liabilities is 76·27, which seems to indicate that the bank has advanced quite as much as it can support safely. Indeed, this would be the case were the various items represented by "total liquid assets" duly specified in the balance sheet and known to be of

the utmost utility to meet the needs of a credit institution, but as this information is hidden from us it can only be said that the bank's position looks fairly satisfactory.

£24,997 is invested in freehold and leasehold property, and £49,385 in bank premises, whilst liabilities on foreign bills are put down as £11,632.

The distribution for the year was at the rate of eight per cent.

WHITEHAVEN JOINT STOCK BANKING COMPANY, LIMITED.

Liabilities to the public are given as—

Deposit and Current Accounts	£669,537
Drafts on London at short dates ...	1,702
Notes in circulation	23,605
	£694,844

£55,881 represents cash in hand and with London agents, and shows a ratio to liabilities of 8·04—a somewhat small proportion.

Investments are—

Consols, Bank of England Stock, Indian Guaranteed and English Railway Debenture, Preference, and Preferred Ordinary Stocks	£259,396
Corporation Bonds	3,000
	£262,396

These give a ratio to liabilities of 37·76, and with so good a proportion it seems a pity that the bank does not enter the amount of its Consols separately. The ratio of total liquid assets, 45·80, shows that the bank is trading prudently, and were its cash in hand four or five per cent. more and its investments particularised, its state of

WHITEHAVEN JOINT STOCK BANKING COMPANY, LIMITED.

Head Office: WHITEHAVEN.

Date.	Ratio % of Cash in hand and with London Agents to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 30 June	8·04	37·76	45·80	8·65	8·65	17·30	70·14	£ 340,850

8,020 Shares of £50 each, and £7 10s. paid.

Paid-up Capital - £60,150. Reserve Fund - £60,150.

preparedness would doubtless be found in every way satisfactory.

Advances are—

Bills discounted, Current Accounts, and Loans	£447,539
Short Loans on Stocks	39,870
	£487,409

The proportion to liabilities is 70·14, and the bank seems quite able to support it.

£14,250 is invested in property, and £5,700 in premises.

The distribution for the year was at the rate of 24 per cent., and if the bank were to pay away a little less, and to keep more cash in hand against possible accidents, its position would be a strong one.

WILLIAMS DEACON AND MANCHESTER AND SALFORD BANK, LIMITED.

Liabilities to the public are stated as—

Deposit, Current, and other Accounts ... £12,342,046

£1,973,990 represents cash in hand and at Bank of England, and gives a ratio to liabilities of 15·99—a strong proportion.

Money at call and notice comes to £1,326,143, and the ratio will be found in the second division of our form.

Investments are—

£1,111,111 $2\frac{3}{4}$ % Consols at 90 ...	£1,000,000
Indian Government Securities, Guaranteed Railway Stocks, Corporation Stocks, &c.	1,221,944
	£2,221,944

These give a ratio per cent. to liabilities of 18. The second line is distinctly vague, whilst the "&c." seems out of place in a balance sheet. Total liquid assets' ratio,

WILLIAMS DEACON AND MANCHESTER AND SALFORD BANK, LIMITED.

Head Office: MANCHESTER.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	15·99	10·74	18·00	44·73	8·10	4·65	12·75	66·42	£ 5,250,000

125,000 Shares of £50 each, and £8 paid.

Paid-up Capital - £1,000,000. Reserve Fund - £575,000.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$22\frac{1}{8}$	$22\frac{9}{16}$	$22\frac{1}{2}$	$24\frac{1}{2}$	$26\frac{1}{8}$	$26\frac{1}{2}$	$26\frac{1}{2}$	$28\frac{1}{4}$	27	
Lowest	21	21	$21\frac{1}{4}$	$22\frac{3}{8}$	$23\frac{5}{8}$	25	$25\frac{3}{8}$	26	25	
Dividend % ...	$12\frac{1}{2}$	$12\frac{1}{2}$	$12\frac{1}{2}$	$12\frac{1}{2}$	$12\frac{1}{2}$	$12\frac{1}{2}$	$12\frac{1}{2}$	$13\frac{3}{4}$	$13\frac{3}{4}$	$12\frac{7}{9}$

44·73, proves that the bank is prudently managed, and that it is well prepared to meet a large proportion of its indebtedness to customers on demand.

Advances are—

Bills discounted	£2,205,772
Current Accounts and Loans	5,992,384
	£8,198,156

The above total shows a ratio of 66·42, which the bank is able to support, and at the same time to hold £44·73 of liquid assets to each £100 of its public liabilities. It is the safest bank among the local institutions, and its balance sheet, when contrasted with certain of its rivals, is as light unto darkness, thereby proving how health-giving is London blood—from a financial standpoint, of course.

£323,967 is locked up in premises, and the company's liabilities upon acceptances, credits, and endorsements, are £340,594.

Distributions, we can see from our list, have been fairly steady, and prices, consequently, have not fluctuated greatly. When London is lending at $3\frac{1}{2}$, Manchester is lending at from $4\frac{1}{2}$ to 5, therefore if a purely London bank amalgamated with a provincial one it should have a steadying effect upon dividends. The average distribution would be much the same, but the deviation from the average would be less, and the prices of its shares steadier.

The following sum will show us what price should be given for the bank's shares in order that $4\frac{1}{2}$ per cent. be returned upon the purchase money:—

$$\frac{12\frac{7}{9} \times 8}{4\frac{1}{2}} = 22\tfrac{5}{8} \text{ (about).}$$

With the turn in the tide of commercial prosperity prices are pretty sure to recede, and the shares seem worth picking up at about 23 or 24.

WILTS AND DORSET BANKING COMPANY, LIMITED.

Head Office: SALISBURY.

Date.	Ratio % of Cash in hand, at Bank of England, with London Agents and Brokers to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	12·09	44·62	56·71	6·62	7·64	14·26	56·83	£ 2,600,000

65,000 Shares of £50 each, and £10 paid.

Paid-up Capital .- £650,000. Reserve Fund - £750,000.

WILTS AND DORSET BANKING COMPANY, LIMITED.

Liabilities to the public are given as—

Deposit, Current, and other Accounts ...	£9,746,770
Notes and Drafts in circulation ...	64,511
	£9,811,281

£1,186,792 represents cash in hand, at Bank of England, and with London agents and brokers, and shows a ratio to liabilities of 12·09; but were this proportion held in actual cash it would be none too large, and it is ridiculous to issue a statement which purports to show the company's position, and to calmly state therein that the bank holds £12·09 of cash-and-call-money mixture to meet each £100 of its indebtedness to customers, when its compilers, if they know anything about the risks of credit banking, must be aware that at any moment the amount of actual cash in hand may decide the fate of a credit institution. Why, then, does not a bank give the most minute particulars of its most important asset in the balance sheet? Further, ought not a company to be compelled to disclose such essential information?

Investments are put down as—

£1,111,111 $2\frac{3}{4}$ % Consols at 90	£1,000,000
British and Indian Government Securities, Bank of England Stock, Metropolitan Board of Works Stock, City of London Bonds, Corporation Stocks, Colonial Bonds, English and other Railway, Dock, and Water Companies' Debentures and Stocks	3,227,208
Other Securities and Properties ...	150,592
	£4,377,800

These show a ratio to liabilities of 44·62—an excellent proportion. It seems a pity, however, that the bank does

not specify its securities of and guaranteed by the British Government. Did it give these separately and also its holdings in Indian Government Securities, one could form a better opinion as to the value of the huge aggregate of its second line of figures.

Total liquid assets' ratio, 56·71, is an excellent proportion, which shows that the bank has not too much money locked up in advances. The balance sheet looks a strong one, and were the company to publish a statement, as it easily could, showing a ratio of 14 per cent. of actual cash to liabilities, its position would be very strong indeed.

Advances are—

Bills discounted, Loans, Overdrafts, and other Accounts	£5,576,574

The above total gives a ratio to public liabilities of 56·83.

£252,943 is invested in premises, and the dividend distributed for the year was at the rate of 21 per cent.

YORK CITY AND COUNTY BANKING COMPANY, LIMITED.

Liabilities to the public are given as—

Deposits, Current Accounts, Drafts, &c.	£9,075,374
Notes in circulation	77,325
	£9,152,699

£1,872,166 represents cash in hand, with bankers, and at short notice, and shows a ratio to the above liabilities of 20·45; but from the details given it is impossible to tell the bank's real state of preparedness to meet its liabilities on demand, a fact one would have thought the compilers of the balance sheet must have known quite well.

YORK CITY AND COUNTY BANKING COMPANY, LIMITED.

Head Office: YORK.

Date.	Ratio % of Cash in hand, at Bankers, and Short Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	20·45	11·85	32·30	7·86	9·88	17·74	82·76	£ 1,680,000

240,000 Shares of £10 each, and £3 paid.

Paid-up Capital - £720,000. Reserve Fund - £904,539.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$10\frac{7}{8}$	$10\frac{3}{4}$	$10\frac{5}{8}$	$10\frac{5}{16}$	$11\frac{7}{16}$	$12\frac{15}{16}$	$13\frac{15}{16}$	$13\frac{5}{8}$	278/3	
Lowest	$10\frac{1}{2}$	10	$10\frac{1}{8}$	$10\frac{1}{8}$	$10\frac{1}{4}$	$11\frac{1}{8}$	$12\frac{3}{16}$	$12\frac{5}{8}$	12	
Dividend % ...	$17\frac{1}{2}$	$16\frac{1}{2}$	$15\frac{11}{16}$	$15\frac{5}{6}$	$15\frac{5}{6}$	$16\frac{3}{4}$	$16\frac{2}{3}$	$19\frac{1}{6}$	$18\frac{1}{3}$	$16\frac{11}{12}$ (about)

Investments, which are well arranged, are put down as—

£276,000 Consols at 90	£248,400
Other British Government and Indian Government Stocks	241,593
Colonial Government Securities ...	103,447
English Railway and Corporation Stocks	297,182
Other Investments	194,138
	£1,084,760

These show a ratio to liabilities of 11·85, and total liquid assets' proportion, 32·30, seems too small a ratio to maintain as an insurance fund against possible accidents.

Advances are—

Bills discounted	£851,511
Current Accounts and Advances ...	6,723,676
	£7,575,187

The above total gives a ratio per cent. to liabilities of 82·76, and seeing that the bank has only £32·30 of liquid assets to meet each £100 of its public liabilities, it is evident that it is trading with too large a proportion of its deposits, and that a further accretion to paid-up capital is necessary in order that the interests of its customers be adequately safe-guarded.

£76,311 is invested in properties, and £254,865 in premises, whilst the amount of stamps in hand is £4,518.

Distributions are of a fluctuating character, and seeing that the ratio of the bank's paid-up capital to liabilities is 7·86, it seems improbable that an average dividend of $16\frac{11}{12}$ will be maintained.

The following sum shows at what price its shares should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. upon the purchase money :—

$$\frac{16\frac{11}{12} \times 3}{4\frac{1}{2}} = 11\frac{5}{18}$$

We see that they have been below these figures from 1892 to 1897 inclusive; and if the would-be purchaser wait, he will probably find them as low again when the present trade depression begins to make itself felt. Now is the time to take any accretion to capital value rather than to buy for a rise.

YORKSHIRE BANKING COMPANY, LIMITED.

Liabilities to the public are given as—

Deposits, Current Accounts, and Drafts in circulation	£4,854,047
Notes in circulation	88,720
Interest on Deposits and Rebate ...	32,151
	£4,974,918

£657,785 represents cash in hand, at call, and at notice, and shows a ratio to the above liabilities of 13·22. Had this amount consisted of actual cash it would have been a good proportion, but a mixture of this description seems too small to meet those accidents which always threaten a credit institution. Then, again, when a bank neglects to specify its cash in hand, it is open to the suspicion that the amount held is so small that it would be ashamed to state it in the balance sheet; and in nine cases out of ten such an assumption would probably be correct.

Investments are thus described:—

English Government Securities ...	£375,211
English Corporation Stocks and Indian Government Securities	460,387
Railway Debenture and Preference Stocks and other First Class Stocks	433,175
	£1,268,773

These show a ratio per cent. to liabilities of 25·50, and the ratio of total liquid assets, 38·72, though a fair one,

YORKSHIRE BANKING COMPANY, LIMITED.

Head Office: LEEDS.

Date.	Ratio % of Cash in hand, at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	13·22	25·50	38·72	7·53	6·53	14·06	73·74	£ 1,125,000

150,000 Sahres of £10 each, and £2 10s. paid.

Paid-up Capital - £375,000. Reserve Fund - £325,000.

does not compare favourably with the proportions held by the really strong companies.

Advances are—

Bills discounted	£861,532
Loans and Current Accounts	2,807,061
	£3,668,593

Here we find a ratio of 73·74, which seems to impose a little too great a strain upon the bank's resources.

£140,566 is invested in premises, and £1,718 represents stamps on hand, whilst the bank's liability upon endorsements is put down at £4,567.

With a ratio per cent. of paid-up capital to liabilities of 7·53 one would look for good dividends, and the distribution for the year was at the rate of 17 per cent.

YORK UNION BANKING COMPANY, LIMITED.

Liabilities to the public are put down as—

Deposit, Current and other Accounts ...	£3,466,147
Notes in circulation	66,635
	£3,532,782

£301,859 represents cash in hand and with bankers, and shows a ratio to the above liabilities of 8·54. One hardly likes to say that the proportion is a little too small, seeing that the two preceding Yorkshire banks so carefully disguise the most vital asset in the balance sheet, as though sublimely indifferent to the fact that, were an accident to occur, their very life would depend upon the amount of cash in their safes, and their ability to add thereto without undue delay. Hence the absurdity of not quoting the amount of that asset upon which the whole fabric rests. We are grateful to the York Union Bank, which

YORK UNION BANKING COMPANY, LIMITED.

Head Office: YORK.

Date.	Ratio % of Cash in hand and with Bankers to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	8·54	13·16	20·34	42·04	7·43	6·00	13·43	70·16	£ 997,500

21,000 Shares of £60 each, and £12 10s. paid.

Paid-up Capital - £262,500. Reserve Fund - £212,000.

really does know the importance of legal tender to a credit institution, and recognises the stupidity of asserting that a balance sheet, giving a cash-and-call-money mixture, exhibits a true and correct view of the state of a bank's affairs.

£465,000 is described as cash on deposit with bankers and brokers, and gives a ratio per cent. to liabilities of 13·16.

Investments are—

British, Indian, Colonial, and Foreign Government Securities, Bank of England Stock, Corporation of London Bonds, and English and Indian Railway Debenture, Guaranteed and Preference Stocks	£718,783

These show a ratio to liabilities of 20·34, and it is evident that the list would be more instructive were the bank's holdings in securities of and guaranteed by the British Government given in detail.

Total liquid assets' ratio, 42·04, proves that the bank is trading prudently, and that, though its cash in hand is somewhat too small, it has not neglected those precautions which provincial bank directors, the majority of whom apparently understand the dangers of credit-banking very imperfectly, treat so lightly.

Advances are—

Bills discounted, Current Accounts, and Loans	£2,478,629

The ratio to liabilities is 70·16, which proportion the bank seems able to support.

£21,561 is invested in properties, and £66,810 in premises. The dividend distributed for the year was at the rate of 19 per cent., so the interests of both customers and members seem pretty well looked after.

CHAPTER VII.

THE SCOTCH JOINT STOCK BANKS.

BANK OF SCOTLAND.

Liabilities to the public are given as—

Deposits and Credit Balances	£15,694,410
Notes in circulation	1,060,181
Drafts (within fourteen days) in circulation	203,494
	£16,958,085

£1,428,791 is described as specie, notes of other banks, cash with Bank of England, and cheques *in transitu.* This sum gives a ratio to the above liabilities of 8·42, and seems ridiculously small to meet the wants of so large an institution.

The following mixture is unique :—

British Government Securities and money in London, at call or within twenty days' notice	£4,355,744
Indian and Colonial Government Securities, and other Stocks and Investments	2,875,675
	£7,231,419

These show a ratio per cent. to liabilities of 42·64; but it is quite useless to endeavour to form any opinion from these figures of the bank's state of preparedness to meet its liabilities on demand, and seeing that a

BANK OF SCOTLAND.

Head Office: EDINBURGH.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Investments and Call Money to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 28 Feb.	8·42	42·64	51·06	7·37	4·27	11·64	57·45	£ 625,000

£1,250,000 Stock. The liability of a holder is one half of his holding.

Paid-up Capital - £1,250,000. Reserve Fund - £725,000.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	326	333	343	345	362	375	363	360	344½	
Lowest	313	320½	327	320½	344	348	338	340½	325½	
Dividend % ...	13	13	13	12	12	12	21	12	12	12⅓

balance sheet is published for this express purpose, the example in question can scarcely be called satisfactory. Surely we are not asked to believe that money at twenty days' notice is as valuable an asset as Government securities. And, pray, which of the two would this bank rather hold during a crisis? Then, why does the company lump them together? "Other stocks and investments," too, is somewhat vague and mysterious, and one cannot but wonder if the bank would accept such a statement of a customer's affairs. Then why do they issue a balance sheet to the public which is obviously lacking in essential details?

Total liquid assets, 51·06, is a very good proportion, which indicates plainly enough that the bank is not trading with too large a proportion of its deposits, though its composition leaves much to be desired in respect of cash in hand.

Advances are—

Bills discounted, Cash Accounts, and other Advances	£9,742,664

The above show a ratio to liabilities of 57·45, a proportion the bank can support safely.

Heritable property is put down as £182,391, and £436,514 is invested in premises, whilst the bank's liability on acceptances comes to £1,685,140.

Distributions, we can see from our list, have not returned to their 1892 level, and the following sum shows at what price the bank's stock should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. upon the purchase money:—

$$\frac{12\frac{1}{3} \times 100}{4\frac{1}{2}} = 274\tfrac{2}{27}$$

But the lowest figures touched during the period under discussion were 313 in 1892, and though prices will probably

fall during the next year or two, they are not at all likely to approach the figures above mentioned; yet it is difficult to understand why Scotsmen should be satisfied with a return of $3\frac{1}{2}$ per cent. and under upon this class of security, when there are many better-managed English banks whose shares can, during certain years in the cycle, be bought upon a $4\frac{1}{2}$ per cent. basis. This really looks like carrying patriotism a little too far. The great complaint among their own customers is that they are sometimes lending money in London considerably cheaper than in Scotland, thereby increasing the rates of their Scotch clients, so the patriotism, if it exist, would seem to be quite a one-sided affair.

This bank was created under an Act of the Scottish Parliament in 1695.

BRITISH LINEN COMPANY BANK.

Liabilities to the public are given as—

Deposit and Current Accounts, with interest to date	£13,415,884
Notes in circulation	918,670
Drafts, Letters of Credit, &c.	160,565
	£14,495,119

£2,809,668 represents specie, notes of other banks, cash with London bankers, and at call and short notice in London. The ratio to liabilities is 19·38, but as the bank has mixed up its cash and money at notice together, it has effectually debarred one's ascertaining whether or not the company be in a good state of preparedness to meet its obligations to customers on demand. Such a mixture, in the year 1746, would doubtless have been somewhat in advance of the age,

BRITISH LINEN COMPANY BANK.

Head Office: EDINBURGH.

Date.	Ratio % of Cash in hand, at Call and Notice in London to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 14 April	19·38	27·34	46·72	8·62	11·03	19·65	71·24	—

£1,250,000 Stock. No further Liability on its Stock.

Incorporated by Royal Charter 1746.

Paid-up Capital - £1,250,000. Reserve Fund - £1,600,000.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	354	$385\frac{1}{2}$	400	401	$442\frac{1}{2}$	484	501	497	480	
Lowest	$332\frac{1}{2}$	334	367	377	393	433	475	465	468	
Dividend % ...	14	$15\frac{1}{2}$	15	15	$16\frac{1}{2}$	18	19	18	9 $\frac{1}{2}$ year	$16\frac{3}{8}$

but at the dawn of the twentieth century, a balance sheet is supposed to disclose a bank's position, and this can only be done by specifying the cash in hand.

Investments are—

Stock in $2\frac{3}{4}$ and $2\frac{1}{2}$ %, Local Loans 3 %, Egyptian Guaranteed 3 %, and Indian and Colonial Government Securities	£1,966,368
Bank of England Stock, Corporation, Railway Debenture and other Stocks (including £445 11s. 5d. Bank's own Stock)	1,997,032
	£3,963,400

These show a ratio per cent. to liabilities of 27·34, but their arrangement is quite mediæval. A modern balance sheet should state separately—

Cash in hand.
Cash with bankers on demand.
Money at call and short notice (14 days).
Securities of and guaranteed by the British Government.
Indian Railway Guaranteed Bonds.
Corporation Stocks, Railway Debentures, &c.
Other securities (assumably of doubtful value to a bank).

Now, if the British Linen Company would publish a balance sheet as adumbrated above, one could see its position at a glance. Then why do the banks adopt a policy of muddle when the right system is as simple as A B C? Everybody who has read through this book will doubtless know the reason of some of them quite well; but the bank now in question is not a weak institution.

Total liquid assets' proportion, 46·72, is a good one, and proves that the bank is not trading with too large a proportion of its deposits, though its composition may, or may not, be such as a credit bank would find invaluable during a run or a crisis.

Again, this company affords its customers no further guarantee in the shape of uncalled capital; therefore it is a question whether it ought not to maintain an exceptionally strong insurance fund in the shape of liquid assets in order to remedy this defect in its construction, for its clients certainly run more risk with such an institution, and as the proprietors stand to lose less they should receive less. Recognising this, the bank has accumulated a larger reserve fund than any other Scotch company.

Advances are put down as—

Bills discounted, Cash Credit, and Current Accounts	£6,580,062
Short Loans	3,747,125
	£10,327,187

These show a ratio to liabilities of 71·24, which the bank's large working capital allows it to support with comparative safety.

£206,320 is invested in heritable property, and £281,266 in premises, whilst the bank's liability for acceptances amounts to £598,742.

Distributions are of a fluctuating character, and the following sum will show us at what price its stock should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. upon the purchase money:—

$$\frac{16\frac{3}{8} \times 100}{4\frac{1}{2}} = 363\frac{8}{9}$$

Prices have been below these figures during 1892 and 1893, though it seems improbable that they will fall as

low again when the present depression begins to reduce dividends. The present, however, seems a good time to take any accretion to capital value, and to wait for the shares of a well-managed bank which can be bought upon a $4\frac{1}{2}$ per cent. basis. Of course, it must be pleasant for a member to reflect that there is no liability upon the bank's stock.

CALEDONIAN BANKING COMPANY, LIMITED.

Liabilities to the public are stated as—

Deposits and Current Accounts	£1,101,584
Notes in circulation	137,047
Letters of Credit and Sundries	5,634
Due to Banking Correspondents ...	349
	£1,244,614

£105,104 represents specie and notes of other banks, and shows a ratio to the above liabilities of 8·44.

£39,177 represents cash vouchers in transit and short bills with London agents, and £141,357 cash with bankers and at call, the aggregate, £180,534, giving a ratio to public liabilities of 14·5. The second total is due on demand, and the bank seems well prepared against accidents, though had it stated the amount of its cash with bankers and money at call separately one could have formed a better idea of the value of the various items.

Investments are—

Government Securities	£78,136
Bank of England Stock, Home Railways, and other Securities	229,961
	£308,097

These show a ratio to liabilities of 24·75. The second line is vague, and gives one no idea whatsoever of the

CALEDONIAN BANKING COMPANY, LIMITED.

Head Office: INVERNESS.

Date.	Ratio % of Cash in hand to Liabilities to the Public.	Ratio % of Cash with Bankers and at Call to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 30 June	8·44	14·5	24·75	47·69	12·05	5·70	17·75	65·22	£ 600,000

60,000 Shares of £12 10s., and £2 10s. paid.

Paid-up Capital - £150,000. Reserve Fund - £71,000.

appropriateness of the securities to a banking business. Total liquid assets, 47·69, is a very good proportion, which shows that the bank is not trading riskily.

Advances are—

Bills discounted	£171,752
Cash Credit and other Accounts	639,998
	£811,750

The ratio here is 65·22. Heritable property amounts to £15,700, premises to £50,722, and stamps in hand, stationery, &c., to £2,177.

The distribution for the year ended 30th June was at the rate of 8 per cent.

CLYDESDALE BANK, LIMITED.

Liabilities to the public are—

Deposits and other Accounts	£12,310,514
Letters of Credit, Short Drafts, and Payments *in transitu*	167,138
Notes in circulation	989,219
	£13,466,871

£1,740,976 represents specie, notes of other banks, cash documents *in transitu*, and cash balances with London and country bankers. The ratio to the above liabilities is 12·92, a good proportion, though considerably below the holdings of the best English banks.

Investments are described in the following truly original manner:—

Consols and other securities, temporary loans, money at call and short notice, £6,332,720. These give a ratio to liabilities of 47·02, but the assets are lumped together in a most heterogeneous manner. For instance, is it at all

THE CLYDESDALE BANK, LIMITED.

Head Office: GLASGOW.

Date.	Ratio % of Cash in hand and with Banks to Liabilities to the Public.	Ratio % of Investments, Call Money and Short Loans to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	12·92	47·02	59·94	7·42	4·30	11·72	50·0	£ 4,000,000

100,000 £50 Shares, and £10 paid.

Paid-up Capital - £1,000,000. Reserve Fund - £580,000.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	22	$21\frac{1}{8}$	$21\frac{1}{2}$	$20\frac{1}{8}$	22	$23\frac{1}{2}$	$24\frac{5}{16}$	$24\frac{1}{4}$	24	
Lowest	20	$19\frac{1}{16}$	19	$18\frac{13}{16}$	$19\frac{1}{2}$	$20\frac{1}{2}$	$22\frac{1}{4}$	22	$22\frac{5}{16}$	
Dividend % ...	10	10	10	10	10	10	10	10	10	10

likely that temporary loans would be as useful as Consols to a bank during a run? Moreover, the terms of the said loans ought most certainly to be mentioned if they are included in liquid assets. It is difficult to imagine that persons who manage a credit institution can really believe that these assets would be of equal value should the bank be suddenly called upon to pay its public indebtedness on demand. Why, then, does not the company publish a statement which will show its state of preparedness at a glance? and what nonsense to assert that such a balance sheet exhibits a true and correct view of its affairs when we know neither the amount of its holding in Consols, the nature of its "other" securities, the terms of its loans, nor the amount of money at call and short notice; It is quite true that the sum total of this mixture is given, but unless we are supplied with details it is utterly impossible to tell whether the bank be in a position to protect its depositors.

The ratio of total liquid assets, 59·94, with the above reservation is an excellent one.

Advances are—

Bills discounted	£3,144,329
Credit Accounts and other Advances ...	3,589,393
	£6,733,722

These give a ratio to public liabilities of 50, a proportion the bank can support with ease.

£321,661 is invested in premises and £105,000 in heritable property, whilst liabilities upon acceptances are given as £190,262.

Distributions have been steady during the whole term under discussion, and prices, consequently, have fluctuated very slightly. It is evident, however, that with so small a ratio of paid-up capital to deposits as 7·42 the bank's

dividend-paying capacity is considerably in excess of 10 per cent., and it would have doubtless distributed much higher dividends had it not been engaged in strengthening its reserve fund, to which £40,000 was added from last year's profits. This sum alone is equivalent to a dividend of 4 per cent. on its paid-up capital, and, added to the distribution for the present year, to wit, 11 per cent., makes 15 per cent. for 1901 (the bank declares its dividends six months in advance). It is evident, therefore, that when the directors think the reserve sufficiently strong, the dividends will be increased considerably; consequently, its shares seem worth buying and holding. Taking 10 per cent. as our basis, the following sum shows at what price its shares should be bought in order to return $4\frac{1}{2}$ per cent. upon the purchase money:—

$$\frac{10 \times 10}{4\frac{1}{2}} = 22\tfrac{2}{9}$$

But we have seen that there are special reasons why this bank's shares are worth more; so, perhaps, the following sum may prove interesting: If the Royal Bank of Scotland, which has a ratio of paid-up capital to liabilities of 12·8, can distribute an average dividend of $8\frac{11}{18}$ per cent., what can the Clydesdale pay upon a ratio of 7·4? It will distribute more: hence—

$$\frac{12{\cdot}8 \times 8\frac{11}{18}}{7{\cdot}4} = 14\tfrac{2}{3}\,\%\text{ (about)}$$

Now, had the Clydesdale distributed an average dividend of 14 per cent., its shares, bought on a $4\frac{1}{2}$ per cent. basis, would be worth 31, and, everything considered, they seem worth buying as a speculation at anything under 25. At any rate, they are worth watching, and should prices recede during the depressed portion of the cycle they may confidently be bought for a sharp recovery directly trade begins to improve again.

COMMERCIAL BANK OF SCOTLAND, LIMITED.

Head Office: EDINBURGH.

Date.	Ratio % of Cash in hand and with Bankers to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Oct.	11·62	14·65	22·11	48·38	6·36	6·36	12·72	61·91	£ 4,000,000

50,000 Shares of £100 each, and £20 paid.

Paid-up Capital - £1,000,000. Rest - £1,000,000.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$66\frac{1}{4}$	69	$70\frac{3}{4}$	$75\frac{1}{2}$	$81\frac{1}{8}$	$89\frac{1}{4}$	93	$94\frac{1}{4}$	95	
Lowest	62	$62\frac{1}{4}$	$66\frac{1}{4}$	$66\frac{1}{4}$	70	79	$82\frac{1}{2}$	86	86	
Dividend % ...	14	14	$15\frac{1}{2}$	15	$15\frac{1}{2}$	$16\frac{1}{2}$	16	19	18	$15\frac{17}{18}$

COMMERCIAL BANK OF SCOTLAND, LIMITED.

Liabilities to the public are given as—

Deposits	£14,418,109
Notes in circulation	1,077,959
Drafts, Circular Notes, and other Liabilities...	220,924
	£15,716,992

£1,135,903 represents specie in hand and cash balances with the Bank of England and other banks, and £691,164 notes of other banks and cash documents *in transitu*, the aggregate, £1,827,067, giving a ratio to the above liabilities of 11·62—a fairly good proportion.

Money in London, at call, and short notice for periods not exceeding fourteen days, is put down at £2,303,642; and the proportion will be found in the second division of our form.

Investments are—

British Government Securities	£1,272,165
Indian and Colonial Government Securities, Bank of England Stock, Debenture Stocks, and other Investments	2,203,370
	£3,475,535

These show a ratio to liabilities of 22·11, and the proportion of total liquid assets, 48·38, proves that the bank is well prepared to deal with those accidents which threaten a credit institution. The balance sheet, too, is well compiled; and were it not for the inclusion of "other investments" in the last line of the above statement, we actually should be able to ascertain the exact state of

preparedness of a Scotch bank. However, though its cash in hand seems too small, the statement is undeniably a strong one, and arranged with a nice sense of proportion.

Advances are—

Bills discounted	£3,583,695
Short Loans	2,251,813
Current Accounts	3,895,562
	£9,731,070

This total gives a ratio per cent. to liabilities of 61·91, a proportion the bank seems quite able to support.

£158,147 is invested in heritable property, and £341,949 in premises. The bank's liability upon acceptances &c. is £164,048.

Distributions, we can see from our list, have steadily increased throughout the period under discussion; and purchasers of the bank's shares in 1892 and 1893 must be quite satisfied with their speculation, the difference between the lowest in 1892 and the highest in 1900 being £33, a very respectable accretion to one's capital. I fancy when the Clydesdale Bank has completed its addition to its reserve fund that its members will find a similar little run of luck in store for them.

The Commercial's ratio of paid-up capital to liabilities is only 6·36; consequently it can distribute large dividends without imposing any strain upon its resources. The following sum will show us at what price its shares should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. upon the purchase money:—

$$\frac{15\frac{17}{18} \times 20}{4\frac{1}{2}} = 70\tfrac{7}{8} \text{ (about)}$$

The dividend for the half-year ended October was at the rate of 22 per cent. per annum, but declining trade is pretty certain to bring this down, though distributions are

not at all likely to sink to their 1892 level again. Therefore, the above sum understates the value of its shares, and should they during a period of depression fall to, say, 76 or 77 they would be well worth buying, for they would be sure to rise again directly the trade of the country improved.

NATIONAL BANK OF SCOTLAND, LIMITED.

Liabilities to the public are given as—

Deposit Receipts and Current Accounts	£15,738,707
Notes in circulation	953,467
Drafts outstanding	124,919
	£16,817,093

£1,568,583 represents specie, notes of other banks, and cash at Bank of England and other London bankers, and gives a ratio per cent. to the above liabilities of 9·32, which seems too small a proportion.

Loans at call and short notice in London are put down as £4,297,674, and show a ratio to liabilities of 25·55.

Investments are—

British Government Securities	£1,027,980
Bank of England, Metropolitan Board of Works, the Bank's (£2,917 10s. at par) and other Stocks and Investments	2,280,038
	£3,308,018

These give a ratio to liabilities of 19·67, and the proportion of total liquid assets, 54·54, shows that the bank is not trading with too large a share of its deposits. The ratio, in fact, is an excellent one, and were the bank's cash in hand a little stronger, its state of preparedness to meet

NATIONAL BANK OF SCOTLAND, LIMITED.

Head Office: EDINBURGH.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities To the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 1 Nov.	9·32	25·55	19·67	54·54	5·94	5·94	11·88	56·04	£ 4,000,000

£1,000,000 Stock. Liability, callable, £100. Reserve - £300 for £100 Stock.

Paid-up Capital - £1,000,000. Reserve Fund - £1,000,000.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$336\frac{1}{2}$	342	346	354	397	421	442	451	440	
Lowest	318	$324\frac{1}{2}$	329	328	340	$381\frac{1}{2}$	405	425	$424\frac{1}{2}$	
Dividend % ...	15	15	15	15	15	16	16	18	18	$15\frac{8}{9}$

its indebtedness to the public would be as good as that of the best English companies. The balance sheet too is well compiled, and, with the exception of the last line in the description of investments, we can see the bank's position at a glance.

Advances are—

Bills discounted	£2,188,761
Cash Credit and Current Accounts ...	4,636,447
Short Loans	2,600,026
	£9,425,234

These give a ratio of 56·04, which is well within the margin of safety.

£250,000 is invested in heritable property, and £184,000 in premises. The bank's liability upon acceptances is £742,814.

Dividends are of a fluctuating nature, and rose steadily from 1897, consequently prices moved upwards in sympathy with them. Some writers are disposed to doubt whether the opening of offices in London has proved advantageous to the Scotch banks, and quote statistics showing that dividends have fallen as a result of this departure; but they quite overlook the fact that many of these institutions have, year in year out, been steadily adding large sums to their reserve funds in order to strengthen their positions, and that directly reserve funds are, say, equal to paid-up capital, the dividends of these banks, especially during the prosperous portion of a cycle, will increase rapidly, for the reckless trading of some of the English provincial banks is unknown on the other side of the Tweed.

English bankers, of course, resent the fact that they, when they open offices in London, should be deprived of their note issue, whereas the Scotch companies who have

migrated to London, where they compete against them, are allowed to retain their issues.

The National Bank of Scotland, whose ratio of paid-up capital to liabilities is only 5·94, is in a position to distribute large dividends; and should distributions fall during a period of depression, and the prices of its shares recede in consequence, they can be bought with the almost certain result of a sharp rise when the tide flows in again.

The following sum shows us at what price its stock should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. upon the purchase money:—

$$\frac{15\frac{8}{9} \times 100}{4\frac{1}{2}} = 353\tfrac{1}{12} \text{ (about)}$$

It has been below these figures each year from 1892 to 1896 inclusive, but the dividend-paying capacity of the bank is considerable, and it is quite possible that its stock will not recede to the above figures even should the present depression prove lasting and acute. The difference between the lowest in 1892 and the highest in 1899 is 133, so its stock has evidently proved a gold mine to some people, and so will the shares of a few of the other Scottish banks to those who are lucky enough to buy just before reserve funds are brought up to the requisite strength. Of course, the liability upon the National Bank's stock is very heavy.

NORTH OF SCOTLAND BANK, LIMITED.

Head Office: ABERDEEN.

Date.	Ratio % of Cash in hand and with Bankers to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 29 Sept.	15·51	25·95	41·46	8·91	3·00	11·91	66·92	£ 1,600,000

100,000 Shares of £20 each, and £4 paid.

Paid-up Capital - £400,000. Reserve Fund - £135,000.

NORTH OF SCOTLAND BANK, LIMITED.

Liabilities to the public are given as—

Deposits and Credit Balances	£3,960,018
Notes in circulation	496,886
Balances due to Banking Correspondents	8,158
Drafts on demand	22,146
	£4,487,208

Cash &c. is thus described:—

Gold and Silver coin at head office and branches	£394,365
Cash at Call with London bankers (Barclay and Union of London)	155,823
Do. with other bankers, notes and cheques on other banks	146,079
	£696,267

These show a ratio to the above liabilities of 15·51—a good proportion.

Investments are :—

Consols and other securities of the British Government	£286,430
Colonial Government, Bank of England, and British Corporation Stocks ...	360,393
Debenture and Preference Stocks, and other Stocks, Shares, and Securities	518,020
	£1,164,843

The ratio to liabilities is 25·95, but the last line spoils the statement, for the description of the largest item in this vague manner imposes too great a strain

upon the imagination, unless one be prepared for a game of riddles, of which bank balance sheets will supply an abundance. With this exception, the statement is lucid, and the ratio of liquid assets, 41·46, shows that the bank is in a fair state of preparedness.

Advances are put down as—

Bills discounted, Advances, &c.... ...	£2,594,593
Temporary Loans	408,240
	£3,002,833

The ratio per cent. to liabilities is 66·92, which seems quite as much as the bank can support safely. £190,116 is invested in premises and heritable property.

The distribution for the year was at the rate of $8\frac{3}{4}$ per cent., and £10,000 was added to the reserve fund, raising the total to £145,000.

ROYAL BANK OF SCOTLAND.

Liabilities to the public are given as—

Deposits with accrued interest... ...	£14,157,122
Notes in circulation	1,056,670
Drafts outstanding	381,626
	£15,595,418

£1,530,848 represents specie, notes of other banks, cash with Bank of England and other London bankers, and shows a ratio to the above liabilities of 9·81—a proportion which seems too small.

£2,591,519 is described as money in London, at call and short notice, and cheques, &c., payable on demand, in hand and *in transitu*. The ratio to liabilities is 16·61.

ROYAL BANK OF SCOTLAND.

Head Office: EDINBURGH.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 13 Oct.	9·81	16·61	19·57	45·99	12·82	5·41	18·23	69·3	—

£2,000,000 Stock.

Paid-up Capital - £2,000,000. Rest - £844,078.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	237	242	248	230	240	$240\frac{1}{2}$	238	237	$249\frac{1}{2}$	
Lowest	220	226	$221\frac{1}{2}$	216	222	$222\frac{1}{2}$	$227\frac{1}{2}$	227	225	
Dividend % ...	9	9	$8\frac{1}{2}$	8	8	8	8	9	10	$8\frac{11}{18}$

Investments are—

British Government Securities	£1,651,311
Indian and Colonial Government Securities, Bank of England Stock, and British Railway Debenture and Municipal Corporation Stocks ...	857,709
Other Stocks and Investments... ...	543,458
	£3,052,478

These show a ratio to liabilities of 19·57. The third item in this division is not very enlightening, but in other respects the balance sheet is intelligently compiled, and the ratio of total liquid assets, 45·99, proves that the bank is not trading with too large a proportion of its deposits, though the smallness of its cash in hand is a weak point.

Advances are—

Bills discounted	£4,580,701
Cash Credit and Current Accounts ...	4,593,383
Short Loans	1,633,807
	£10,807,891

The ratio to liabilities is 69·3—a proportion the bank can support comfortably. £376,604 is invested in premises, and £190,153 in property. Liability on acceptances and endorsements is put down at £550,665.

Distributions have fluctuated somewhat, but not to any very appreciable extent; consequently, the margins between highest and lowest prices are not sensational. Then, again, the bank's ratio of paid-up capital to liabilities, 12·82, is too great to admit of really large distributions. However, in 1900 there is a difference of 24½; and as dividends are pretty certain to fall with the turn of the tide, the present time seems ripe for turning a paper profit into a cash one. The following sum will show us

at what price its stock should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. upon the purchase money:—

$$\frac{8\frac{11}{18} \times 100}{4\frac{1}{2}} = 191\frac{29}{81}$$

But there is not the least indication that prices will recede to these figures. Purchased at 249, the highest quotation during 1900, and taking $8\frac{11}{18}$ as our basis, the buyer will probably receive an average percentage for the next nine years of, say, £3 9s. 2d., which seems a very poor return, although the stock carries no further liability. The holder risks his capital in the business, and we have seen that the risks of credit-banking are not imaginary; therefore it is surprising that he should be satisfied with so small a return.

From the customer's point of view, a bank which does not offer a further guarantee in the shape of uncalled capital should be in an excellent state of preparedness to meet its public liabilities on demand, and though the bank in question seems prudently managed, its liquid assets, under the circumstances, are by no means excessive, whilst the reserve fund seems too small. £200 appears quite as much as its stock is worth, when we remember that its dividend-paying capacity is small, and that, bought at the right time, this class of security can be obtained upon a $4\frac{1}{2}$ per cent. basis.

TOWN AND COUNTY BANK, LIMITED.

Liabilities to the public are given as—

Deposits and Current Accounts, with interest	£2,910,062
Notes in circulation	313,263
	£3,223,325

TOWN AND COUNTY BANK, LIMITED.

Head Office: ABERDEEN.

Date.	Ratio % of Cash in hand and with Bankers to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets plus Loans.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1901. 31 Jan.	17·49	30·06	47·55	7·81	4·65	12·46	63·21	£ 1,008,000

36,000 Shares of £35 each, and £7 paid.

Paid-up Capital - £252,000. Reserve Fund - £150,000.

Cash is thus described—

Specie and Notes of other Banks ...	£344,444
Balances due by London, Edinburgh, and other Banking Correspondents	195,190
Cash documents *in transitu*	24,361
	£563,995

These show a ratio to the above liabilities of 17·49—an excellent proportion, assuming that balances with bankers are on demand.

Investments are—

British Government and British Colonial Government Securities, and Bank of England Stock	275,360
Debentures, Stocks and Shares, Loans on Stocks, and other Loans	693,716
	£969,076

Here the ratio to liabilities is 30·06. But what, one would naturally inquire, is the amount of your holdings in British Government Securities? And, by the way, "debentures, stocks, and shares" may embrace every security in the official list, whilst your loans may be for either seven days or for seven months, so extremely vague is your statement. It amazes one to find that business men can give us a list like this, and calmly tell us that we can obtain a correct view of the state of the bank's affairs therefrom, when the last and heaviest item is the darkest of mysteries.

The ratio of total liquid assets, 47·55, is a very good one, but the bank has included its loans among investments, instead of stating them separately, and as it does

not mention their terms, it is impossible to say whether or not the company be in a good state of preparedness to meet its indebtedness to customers.

Advances are—

Bills discounted	£472,952
Cash Credit and other Accounts ...	1,564,775
	£2,037,727

The proportion to liabilities is 63·21; but it seems probable that "other loans," which are classed as investments, should be added to this total, unless, of course, they are all due within fourteen days, which is hardly likely.

£7,012 is invested in property, and £70,007 in premises. Acceptances are stated as £2,101.

The distribution for the year was at the rate of 12½ per cent.

UNION BANK OF SCOTLAND, LIMITED.

Liabilities to the public are given as—

Deposits and Current Accounts ...	£12,718,346
Notes in circulation	1,062,979
Current Drafts on London	161,861
	£13,943,186

Cash is thus described—

Specie, Notes of other Banks, and Balances at the Bank of England	£1,249,389
Cash Balances with Bankers and Cash Documents *in transitu*	485,011
	£1,734,400

These show a ratio to the above liabilities of 12·43—a fairly good proportion, though by no means excessive.

UNION BANK OF SCOTLAND, LIMITED.

Head Office: GLASGOW.

Date.	Ratio % of Cash in hand and with Bankers to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 2 April	12·43	21·57	19·16	53·16	7·17	4·48	11·65	57·45	£ 4,000,000

100,000 Shares of £50 each, and £10 paid.

Paid-up Capital - £1,000,000. Rest - £625,000.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$22\frac{3}{4}$	$22\frac{3}{4}$	$22\frac{5}{8}$	$22\frac{1}{16}$	$23\frac{5}{8}$	$25\frac{3}{4}$	27	29	$27\frac{9}{16}$	
Lowest	$21\frac{9}{16}$	$20\frac{1}{4}$	$20\frac{3}{4}$	20	$21\frac{1}{8}$	$22\frac{3}{4}$	$25\frac{1}{8}$	$25\frac{3}{8}$	$25\frac{7}{8}$	
Dividend %	11	11	11	10	10	11	11	12	12	11

£3,008,126 represents money at call and short notice, and gives a ratio to liabilities of 21·57.

Investments are—

Consols and other Government Securities	£1,116,963
Other Securities and Investments ...	1,555,480
	£2,672,443

The ratio to liabilities is 19·16, and it is evident that the second line may or may not consist of those securities which are applicable to the wants of a banking business. The proportion of total liquid assets, 53·16, is an extremely good one, and proves that the bank is trading prudently.

Advances, which give a ratio to liabilities of 57·45, are put down as—

Bills Discounted, less Rebate	£2,631,902
Cash Credits and Current Accounts ...	3,232,238
Loans on Stocks and other Securities ...	2,147,513
	£8,011,653

£330,184 is invested in premises, and acceptances are given as £60,842.

Coming to distributions, we find the depressed and prosperous portion of the cycle pretty clearly defined, and it is evident that a bank with a ratio of paid-up capital to liabilities of 7·17 can support an average dividend of 11 per cent. quite comfortably. Indeed, £35,000 was added to rest or reserve fund during 1900, raising the figures in our form to £660,000. This represents a dividend of 3½ per cent., and added to the 12 per cent. distributed for the year, would bring it up to 15½; so, when the bank has strengthened its reserve sufficiently, dividends and prices will doubtless move considerably higher.

The following sum shows at what prices its shares should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. on the purchase money:—

$$\frac{11 \times 10}{4\frac{1}{2}} = 24\frac{4}{9}$$

They are cheap at the above figures, and should the present depression force back prices they might be confidently bought for a rise. Purchasers in 1895 certainly cannot grumble at the result of their investment. And then, again, the bank seems exceptionally well managed.

CHAPTER VIII.

THE IRISH JOINT STOCK BANKS.

BANK OF IRELAND.

The Bank of Ireland keeps the Government account, and occupies a somewhat similar position in Ireland to that of the Bank of England in this country; but in neither instance does the Government guarantee the banks' positions, though it is of course interested in both institutions—yet only in the sense that a large and influential customer, who trusts the banks, would be interested. Neither is a Government institution, but both derive privileges from this connection, and, indirectly, considerable credit, for everybody is disposed to think that a bank which the Government trusts must be safe.

Liabilities are given as—

Notes and Post-bills in circulation ...	£2,768,067
Government and other Public Accounts	1,959,833
Deposits, Current, and other Accounts...	9,539,127
	£14,267,027

£1,145,270 represents cash in hand and with Bank of England, and shows a ratio to the above liabilities of 8·02. Notes and bills in circulation, then, are more than twice the amount of the cash in hand; and it would be interesting to hear why the Bank of Ireland should keep such a small

BANK OF IRELAND.

Head Office: DUBLIN.

Date.	Ratio % of Cash in hand and with Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	8·02	10·09	59·60	77·71	19·41	7·24	26·65	49·47	—

£2,769,230 Stock (no further liability).

Paid-up Capital - £2,769,230. Rest - £1,034,000.

	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	324	$328\frac{1}{2}$	324	340	362	$376\frac{1}{2}$	400	404	405	$403\frac{1}{2}$	
Lowest	315	307	290	$312\frac{1}{2}$	334	353	366	383	386	380	
Dividend % ...	$11\frac{1}{2}$	$11\frac{1}{2}$	$11\frac{1}{2}$	$11\frac{1}{2}$	$10\frac{1}{2}$	$10\frac{1}{2}$	$11\frac{1}{4}$	$11\frac{3}{4}$	12	12	$11\frac{2}{5}$

reserve of cash against its liabilities. It is quite true that it issues notes against the Government debt, but it seems equally certain that, were it called upon to meet its obligations, £8·02 of cash in hand to each £100 of its liabilities might cause it considerable temporary inconvenience, for this bank is a credit institution possessing a working capital of £3,803,230, and liabilities to the extent of £14,267,028, which, during a crisis, it could not pay without Government assistance, were the demand made upon it. One would think that the bank ought to hold a ratio of cash in hand of at least 15 or 16 per cent. to its liabilities.

Cash at call and short notice is put down as £439,784, and gives a ratio to liabilities of 3·08.

£1,000,000 is described as temporary advances to the Government, and the ratio, 7·01, has been included in the second division of our form.

Investments are—

Government Debt	£2,630,769
Government Stocks	1,433,193
Indian and Colonial Government Securities	2,044,025
Railway and Corporation Debentures and other Securities	2,396,020
	£8,504,007

These show a ratio to liabilities of 59·60, an excellent proportion; but the final total is expressed in an extremely vague manner, seeing that it is entered in a balance sheet which is supposed to describe the bank's exact state of preparedness to meet its liabilities at call and short notice.

The ratio per cent. of total liquid assets, 77·71, is an exceptionally strong one, and did the bank possess more cash in hand, its state of preparedness to meet its indebtedness to customers would be an enviable one.

Advances are—

Bills discounted, Advances to Customers, &c. £7,058,629

These show a ratio to liabilities of 49·47, which the bank's large working capital enables it to support with positive ease. But of course advances to the Government are counted as liquid assets, and rightly so; still, every bank has not this advantage.

£102,886 is invested in premises, the original cost of which was £471,636.

Distributions, we can see from our list, have fluctuated slightly, but prices have more than kept pace with the accretions since 1896. The following sum will show us at what price the bank's stock should be bought in order to return an average dividend of, say, $3\frac{1}{2}$ per cent.

$$\frac{11\frac{2}{5} \times 100}{3\frac{1}{2}} = 325\frac{5}{7}$$

The shares seem dear at this, and it is somewhat difficult to understand why the bank's stock should be considered a proper investment for trustees, when a political change might result in the withdrawal of the Government account. The bank is an ordinary credit institution, exposed to all the risks of credit-banking, and as the investor risks his capital in the business, it would be difficult to explain what security he is afforded, for his capital is a guarantee to the customers and creditors. If the Government guaranteed the stockholder, that would be quite another matter; but seeing that it does not, and that his capital is risked in the venture, this class of security seems quite unsuited for trustees.

Purchasers of the bank's stock at £290 in 1893 are certainly to be congratulated, and the present seems a good time to turn a paper profit into a cash one, for when the prevailing depression further reduces the value of loanable capital, dividends and prices are pretty certain to recede.

BELFAST BANKING COMPANY, LIMITED.

Head Office: BELFAST.

Date.	Ratio % of Cash in hand and with Bankers to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 July.	16·23	25·58	41·81	8·84	8·84	17·68	75·89	£ 1,600,000

16,000 Shares of £125 each, £25 paid.

Paid-up Capital - £400,000. Reserve Fund - £400,000.

BELFAST BANKING COMPANY, LIMITED.

Liabilities to the public are given as—

Deposits and Current Accounts ...	£4,000,245
Notes in circulation	523,434
	£4,523,679

£734,625 represents specie, notes of other banks, and balances with London and other bankers, and shows a ratio to the above liabilities of 16·23—a good proportion, assuming that the said balances are at call.

Investments are—

Government Stock, India $2\frac{1}{2}$ %, India Railway Guaranteed Stock, English Railway Debenture, Preference, and Ordinary Stocks, Belfast Harbour Redeemable Consolidated Stock, and Belfast Corporation Redeemable Stock	£1,157,573

These give a ratio to liabilities of 25·58, but as the bank has not specified its holdings in Government securities it is impossible to form any opinion of the value of this asset to a banking company.

Total liquid assets' ratio, 41·81, shows that the bank is trading prudently.

Advances are put down as—

Bills discounted, Current Accounts, and Loans	£3,433,370

The ratio to liabilities is 75·89, which seems quite as much as the bank can support safely. £78,404 is invested in premises.

The distribution for the year was at the rate of 20 per cent. on the old, and 8 per cent. on the new, shares.

HIBERNIAN BANK, LIMITED.

Head Office: DUBLIN.

Date.	Ratio % of Cash in hand and with Bankers to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	12·64	13·69	26·33	17·05	3·07	20·12	91·26	£ 1,500,000

100,000 Shares of £20 each, and £5 paid.

Paid-up Capital - £500,000. Reserve Fund - £90,000.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$3\frac{3}{16}$	$2\frac{5}{8}$	$4\frac{5}{8}$	6	7	$6\frac{3}{4}$	$6\frac{13}{16}$	$6\frac{9}{16}$	$6\frac{1}{4}$	
Lowest	$2\frac{3}{8}$	$2\frac{1}{16}$	$2\frac{7}{16}$	$4\frac{9}{16}$	$5\frac{1}{2}$	$5\frac{7}{8}$	$6\frac{1}{32}$	6	$5\frac{5}{8}$	
Dividend % ...	3	3	4	4	4	4	5	5	5	$4\frac{1}{9}$

HIBERNIAN BANK, LIMITED.

Liabilities to the public are given as—

Deposits (with interest), Current, and other Accounts	£2,890,202
Sundry Agents	37,345
Unclaimed Dividends	3,704
	£2,931,251

£370,566 represents cash on hand and with bankers, and shows a ratio per cent. to the above liabilities of 12·64.

Investments are—

£200,000 $2\frac{3}{4}$ % Consolidated Stock ...	£401,349
£25,000 $2\frac{3}{4}$ % National War Loan ...	
£25,000 India 3 % Stock	
£60,000 Dublin Corporation Stock ...	
£93,905 Sundry Debenture Stocks and Bonds	

These give a ratio to liabilities of 13·69.

The bank's ratio of total liquid assets to liabilities is 26·33, and this proportion seems quite inadequate to meet the risks of credit-banking. The bank possesses £26·33 in liquid assets to meet each £100 of its indebtedness to customers, and were a run made upon it in normal times, it would be none too well prepared, whilst during a crisis, when the weakest would go to the wall, a determined run would cause it some anxiety.

Advances are—

Bills discounted	£1,026,513
Current Accounts, Loans, &c.	1,632,641
Sundry Agents	16,097
	£2,675,251

The ratio to liabilities is 91·26. It is evident that the bank is trading with too large a proportion of its deposits, and in order to conduct its business on a sound basis it should increase its paid-up capital to such an extent as will enable it to maintain a ratio of liquid assets to liabilities of at least 40 per cent. The amount invested in premises is £110,897.

Distributions, we can see from our list, are of a fluctuating nature, and purchasers of the bank's shares in 1893 made a good speculation, the difference between the lowest in that year and the highest in 1896 being $4\frac{15}{16}$. It must be distinctly pleasureable to treble one's capital in three years. The following sum will show us at what price these shares should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. upon the purchase money.

$$\frac{4\frac{1}{9} \times 5}{4\frac{1}{2}} = 4\frac{5}{9} \text{ (about)}$$

But we have seen that the bank's liquid assets are too small, and that more capital appears necessary; therefore the present seems the psychological moment to turn a paper profit into a cash one, for were the ratio of paid-up capital to liabilities increased, dividends would recede proportionately. The fact remains that £10,000 was added to the reserve fund last half-year, but it cannot be denied that it stood in need of it, and it is questionable whether it be wise to hold shares of a bank that maintains a ratio of liquid assets of less than 40 per cent.

MUNSTER AND LEINSTER BANK, LIMITED

Liabilities to the public are stated as—

Deposits, Current and other Accounts ... £3,804,518

£1,090,149 is described as cash in hand, with London agents, brokers, and other bankers, at call and short notice, and shows a ratio per cent. to the above liabilities of 28·65;

MUNSTER AND LEINSTER BANK, LIMITED.

Head Office: CORK.

Date.	Ratio % of Cash in hand and at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	28·65	19·42	48·07	5·25	5·45	10·70	61·54	£ 300,000

100,000 Shares of £5 each, and £2 paid.

Paid-up Capital - £200,000. Reserve Fund - £207,500.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$4\frac{15}{16}$	$4\frac{23}{32}$	$4\frac{13}{16}$	5	$5\frac{1}{2}$	$5\frac{7}{8}$	$5\frac{1}{2}$	$5\frac{31}{32}$	$5\frac{25}{32}$	
Lowest	$4\frac{9}{16}$	$4\frac{1}{8}$	$4\frac{1}{4}$	$4\frac{11}{16}$	$4\frac{7}{8}$	$4\frac{15}{16}$	5	$5\frac{5}{16}$	$5\frac{3}{8}$	
Dividend % ...	$9\frac{1}{2}$	10	10	10	10	10	10	$11\frac{1}{2}$	11	$10\frac{2}{9}$

but what is the value of a call-money mixture of this description? If the compilers of this balance sheet know their business they are quite well aware that unless cash in hand and with bankers on demand be specified, it is impossible for the public to learn the state of the company's preparedness to meet its liabilities on demand. Why, then, do they not give us this information? Would it not be good for us to know? If the ratio of cash in hand be very small, probably their considerateness for our feelings is of the real banking variety, but should it be over 14 per cent. then the bank has missed an excellent opportunity of advertising its strength.

Investments are—

British and Colonial Government Securities, Debenture and Corporation Stocks (including Reserve Fund) ...	£738,915

This total shows a ratio per cent. to liabilities of 19·42; but the statement does not give us sufficient information. What is the amount of the Government securities, and what is the nature of the debentures? The law ought certainly to compel a bank to give a detailed statement of its investments in the balance sheet, and to carefully distinguish between cash in hand, with bankers, on demand, and at short notice, and to state the terms clearly. Were this compulsory, there would be less bad banking and fewer bank failures.

The ratio of total liquid assets, 48·07, is a very good proportion, which proves that the bank has not too much capital locked up in advances; and were its liquid assets specified, very probably they would show that the bank is well insured against accidents; but there seems no reason why one should take the bank's word for this, when a more detailed balance sheet would prove it beyond a doubt.

Advances are—

Bills discounted	£823,700
Current Accounts and Loans	1,517,678
	£2,341,378

These give a ratio to liabilities of 61·54, which the bank is well able to support. £63,659 is invested in premises.

Distributions have been fairly steady, and prices do not show any sensational movement; still, with good management, it is evident that a bank whose ratio of paid-up capital to liabilities is only 5·25 should some day distribute considerably larger dividends than 11 per cent., and seeing that the reserve fund is already greater than the paid-up capital that day should not be far distant.

The following sum, taking $10\frac{2}{9}$ as our basis, will show what price ought to be given for the shares in order to obtain an average dividend of $4\frac{1}{2}$ per cent. upon the purchase money—

$$\frac{10\frac{2}{9} \times 2}{4\frac{1}{2}} = 4\tfrac{1}{2} \text{ (about)}$$

A bank, with a paid-up capital ratio of 5·25, whose last dividend was only 11 per cent., and which earned £17,083 last half-year, and only distributed £11,000, undoubtedly possesses great latent possibilities. Indeed, during the prosperous portion of a cycle, it would not be at all surprising to see distributions touch 16 or 17 per cent. The shares, therefore, seem well worth holding as a speculation. And, after all, though the balance sheet is badly compiled, liquid assets show a good proportion. The bank certainly looks promising as a dividend payer.

NATIONAL BANK, LIMITED.

Head Office: 13 OLD BROAD STREET, LONDON, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	13·57	20·79	12·12	46·48	12·03	3·57	15·60	67·55	£ 6,000,000

150,000 Shares of £50 each, and £10 paid.

Paid-up Capital - £1,500,000. Rest, £445,000.

	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest ...	$21\frac{1}{2}$	$21\frac{1}{2}$	$20\frac{5}{8}$	20	$19\frac{3}{16}$	$19\frac{1}{8}$	$20\frac{1}{16}$	22	23	$22\frac{3}{4}$	
Lowest... ...	20	20	$19\frac{3}{8}$	$17\frac{1}{2}$	$17\frac{9}{16}$	18	$18\frac{1}{2}$	$19\frac{1}{16}$	21	$21\frac{3}{8}$	
Dividend % ...	$9\frac{3}{4}$	10	10	9	8	8	9	9	10	10	$9\frac{11}{40}$

NATIONAL BANK, LIMITED.

Liabilities to the public are given as—

Deposit and Current Accounts ...	£11,252,725
Notes in circulation	1,206,161
	£12,458,886

£1,691,189 represents cash in hand and with Bank of England, and shows a ratio per cent. to the above liabilities of 13·57, a proportion which, though satisfactory, does not compare favourably with the best English banks.

Money at call and short notice is put down as £2,590,375, and gives a ratio of 20·79.

Investments are—

Government Stock (including Rest)	£1,368,039
Corporation, Railway, and other Stocks	142,404
	£1,510,443

This is a strong list, which shows a ratio to liabilities of 12·12; and the ratio of total liquid assets, 46·48, proves that the bank is in a good state of preparedness to meet its indebtedness to the public.

Advances are—

Current Accounts and Loans... ...	£4,433,330
Bills Discounted	3,983,768
	£8,417,098

The ratio to liabilities is 67·55, a proportion the bank seems well able to support.

£324,872 is invested in premises, and the bank's liability upon acceptances is £156,641.

A bank with a ratio of paid-up capital to liabilities of 12·03 cannot pay sensational dividends; and we see that the National's, during the decade in question, have not

exceeded 10 per cent. Its dividends, moreover, are of a fluctuating character, and the following sum shows at what price its shares should be bought in order to return an average distribution of $4\frac{1}{2}$ per cent. on the purchase money:—

$$\frac{9\frac{11}{40} \times 10}{4\frac{1}{2}} = 20\frac{11}{18}$$

They have been below these figures each year from 1891 to 1898 inclusive, and if the would-be purchaser wait he will probably find them as low again when the present depression reduces the value of loanable capital. It follows, therefore, that now is the time to turn a paper profit into a cash one.

NORTHERN BANKING COMPANY, LIMITED.

Liabilities to the public are given as—

Notes in circulation	£570,501
Deposits and Current Accounts ...	3,573,533
	£4,144,034

£823,212 represents specie, notes of other banks, and balances in London and with other banks, and shows a ratio to the above liabilities of 19·86. "Balances in London" is somewhat vague, and means, I take it, money at short notice, and if such be the case the state of the bank's preparedness to meet its liabilities must remain a mystery.

Investments are—

Government Stocks, Indian and Colonial Government and other Securities...	£1,086,685

These show a ratio to liabilities of 26·22, but it is quite impossible, so awkwardly is the balance sheet compiled, to ascertain the value of this total to a credit institution which owes large sums that may be withdrawn from it at any moment. For instance, Government Stocks may

NORTHERN BANKING COMPANY, LIMITED.

Head Office: BELFAST.

Date.	Ratio % of Cash in hand, Balances in London, &c. to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Aug.	19·86	26·22	46·08	12·06	7·23	19·29	72·32	£ 2,000,000

50,000 Shares of £50 each, and £10 paid.

Paid-up Capital, £500,000. Reserve Fund, £300,C00.

be either £1,000 or £500,000 for aught we can learn from this vague statement, which, it is gravely said, exhibits a correct view of the state of the bank's affairs. No doubt it does, but it also exhibits a small sense of proportion *à propos* of the value to a banking company of the various assets included therein.

Total liquid assets' ratio, 46·08, proves that the bank is not trading with too large a proportion of its deposits, and it seems a pity that a company which, apparently, is trading prudently does not publish a more detailed balance sheet which will show at a glance its exact position to discharge its indebtedness to the public at a moment's notice.

Advances are—

Bills discounted, Current Accounts and Loans	£2,997,147

The ratio to liabilities is 72·32—a proportion the bank's large working capital quite well enables it to support.

£95,000 is invested in premises.

The distribution for the year was at the rate of 11 per cent. and a bonus of two shillings per share on "A" shares and one shilling per share on "B" shares. 5½ per cent. was paid upon the latter.

PROVINCIAL BANK OF IRELAND, LIMITED.

Liabilities to the public are given as—

Deposit, Current, and other Accounts ...	£4,742,902
Notes in circulation	779,844
	£5,522,746

£472,754 represents cash at head office and branches and in London, and shows a ratio to the above liabilities of 8·56—a proportion which seems inadequate to meet the risks of credit-banking.

PROVINCIAL BANK OF IRELAND, LIMITED.

Head Office: 8 THROGMORTON AVENUE, LONDON, E.C.

Date.	Ratio % of Cash in hand and in London to Liabilities to the Public.	Ratio % of Money at Call and Short Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Dec.	8·56	16·56	27·16	52·28	9·77	5·57	15·34	62·02	£ 3,540,000

40,000 Shares of £100 each, and £12 10s. paid.

4,000 Shares of £20 each, and £10 paid.

Paid-up Capital - £540,000. Reserve Fund - £308,000.

	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$25\frac{5}{8}$	26	$24\frac{15}{16}$	26	$28\frac{1}{2}$	29	30	$31\frac{1}{4}$	31	$32\frac{1}{2}$	
Lowest	$24\frac{1}{2}$	$24\frac{1}{8}$	$20\frac{7}{8}$	$23\frac{1}{4}$	$25\frac{1}{2}$	27	$27\frac{3}{4}$	28	29	$28\frac{7}{8}$	
Dividend % ...	10	10	10	10	10	10	10	10	10	11	$10\frac{1}{10}$

Advances on security at call and short notice are given as £915,000, and the ratio will be found in the second division of our form.

Investments are—

British Government and Colonial Securities	£954,988
Bank of England Stock and other Investments	545,495
	£1,500,483

It would have been better had the first two holdings been stated separately, and the last line is an extremely vague description of over half a million of money. Indeed, it seems a waste of energy to print so much, when an "&c." would have been equally as informing. The ratio to liabilities is 27·16, and total liquid assets, 52·28, shows that the bank is not trading with too large a proportion of its deposits, though its cash in hand seems much too small, but this defect can easily be remedied by advancing less money at call.

Advances are—

Bills discounted and Current Accounts &c.	£3,425,326

These show a ratio per cent. to liabilities of 62·02, which the bank can support easily. £102,341 is invested in premises.

When one remembers that there are such associations as Bankers' Institutes which profess to teach bank officials, among other things financial, how to compile a balance sheet, it is both instructive and amusing to reflect that not 10 per cent. of the banking companies which patronise these institutes present an intelligible balance sheet to the public, while nearly all omit some essential detail or details in order, apparently, to hide the amount of cash in hand in the safes and tills of the head offices and branches.

The distributions of the Provincial Bank of Ireland have been remarkably steady during the decade in question, and with a ratio of paid-up capital to liabilities of 9·77, it should be able to support an average dividend of $10\frac{1}{10}$ per cent. comfortably. The following sum shows at what price its £12 10s. paid shares should be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. on the purchase money:—

$$\frac{10\frac{1}{10} \times 12\frac{1}{2}}{4\frac{1}{2}} = 28\frac{1}{18}$$

As a speculation these shares are not without interest. For instance, one might reason: If the Royal, with a ratio of paid-up capital to liabilities of 15·24, can distribute an average dividend of $11\frac{2}{3}$ per cent., what should the Provincial distribute upon a ratio of 9·77? It should distribute more: hence—

$$\frac{11\frac{2}{3} \times 15{\cdot}24}{9{\cdot}77} = 18{\cdot}18\ \%$$

11 per cent. on 9·77 seems more likely to ascend than descend the scale, and should depressed trade reduce dividends the shares ought to be worth buying at 28 or so, as they would speedily recover with the advent of brisk trade and dear money.

ROYAL BANK OF IRELAND, LIMITED.

Liabilities to the public are given as—

Deposit, Current, and other Accounts	£1,938,142
Post Bills and Circular Notes outstanding	30,264
	£1,968,406

£201,535 represents cash in hand and with bankers at call, and shows a ratio to liabilities of 10·23.

ROYAL BANK OF IRELAND, LIMITED.

Head Office: DUBLIN.

Date.	Ratio % of Cash in hand and with Bankers to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Aug.	10·23	53·45	63·68	15·24	10·16	25·40	63·71	£ 1,200,000

30,000 Shares of £50 each, and £10 paid.

Paid-up Capital - £300,000. Reserve Fund - £200,000.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest...	$26\frac{1}{8}$	$25\frac{1}{2}$	$23\frac{3}{8}$	$25\frac{1}{2}$	$28\frac{1}{4}$	$29\frac{1}{4}$	$31\frac{1}{8}$	$32\frac{5}{8}$	$32\frac{1}{4}$	
Lowest	$24\frac{1}{4}$	22	$20\frac{1}{2}$	23	$24\frac{13}{16}$	$26\frac{3}{8}$	$28\frac{1}{8}$	$30\frac{1}{2}$	30	
Dividend %	$11\frac{1}{2}$	11	$10\frac{1}{2}$	$10\frac{1}{2}$	$10\frac{1}{2}$	12	13	13	13	$11\frac{2}{3}$

Investments are :—

£200,000 Local Loans 3 %, £150,000 New $2\frac{3}{4}$ % Consols, £100,000 $2\frac{1}{2}$ % Government Stock	£421,500
Colonial Government Inscribed Stocks, Railway Debenture Stocks and Bonds, &c.	630,677
	£1,052,177

These show a ratio to liabilities of 53·45, an excellent proportion (somewhat vitiated by the loose description of the second row of figures), and the ratio of total liquid assets, 63·68, proves that the bank is trading well within the margin of safety. Indeed, were the bank's cash in hand a little more, its state of preparedness would be exceptional. £63·68 of liquid assets to each £100 of its indebtedness to the public is certainly a very good proportion.

Advances are—

Bills discounted	£289,101
Advances to Customers	965,114
	£1,254,215

The ratio per cent. to liabilities is 63·71, which the bank's large working capital enables it to support easily. £23,793 is invested in premises.

The balance sheet is fairly lucid, but the bank's position is a strong one; and, perhaps, were certain other companies as equally well prepared to meet their liabilities on demand their statements would be quite as straightforward as that of this little bank.

Distributions are of a fluctuating character, and the following sum will show us at what price its shares should

be bought in order to return an average dividend of $4\frac{1}{2}$ per cent. upon the purchase money:—

$$\frac{11\frac{2}{3} \times 10}{4\frac{1}{2}} = 25\frac{25}{27}$$

With a ratio per cent. of paid-up capital to liabilities of 15·24 it is most unlikely that a distribution of 13 per cent. will be maintained during the depressed portion of a cycle, consequently the present seems a good time for turning a paper profit into a cash one. The shares, however, should they recede to 26 or 27, are well worth buying.

ULSTER BANK, LIMITED.

Liabilities to the public are given as—

Deposit and Current Accounts ...	£5,748,186
Notes in circulation	860,100
	£6,608,286

£1,222,928 represents cash in hand and balances with London bankers, and shows a ratio to the above liabilities of 18·50—an excellent proportion if the said balances be on demand. The bank, however, does not say whether they are at call or not, and it would be interesting to know the amount of actual cash in the bank's safes.

Investments are:—

£555,556 $2\frac{3}{4}$ % Consols at 90	£500,000
£105,264 $2\frac{3}{4}$ % National War Loan at 95	100,000
£51,282 3 % Local Loans at $79\frac{1}{2}$ ...	50,000
Colonial Government, Indian Guaranteed and English Railway Debenture and Preference Stocks and other Securities	1,117,069
	£1,767,069

ULSTER BANK, LIMITED.

Head Office: BELFAST.

Date.	Ratio % of Cash in hand and with Bankers to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Funds to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
1900. 31 Aug.	18·50	26·74	45·24	7·56	10·59	18·15	72·91	£ 2,500,000

200,000 Shares of £15 each, and £2 10s. paid.

Paid-up Capital - £500,000. Reserve Funds - £700,000.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	Average Distribution.
Highest	$11\frac{1}{16}$	$10\frac{7}{8}$	$11\frac{1}{16}$	$11\frac{15}{16}$	$12\frac{1}{4}$	$12\frac{5}{8}$	13	$13\frac{1}{4}$	$12\frac{7}{8}$	
Lowest	$10\frac{3}{16}$	$9\frac{3}{4}$	$10\frac{1}{2}$	$10\frac{15}{16}$	$11\frac{1}{2}$	$11\frac{11}{16}$	$12\frac{1}{4}$	$12\frac{3}{8}$	$12\frac{7}{16}$	
Dividend % ...	19	19	19	19	19	19	20	20	20	$19\frac{1}{3}$

These show a ratio to liabilities of 26·74, but to describe over one million of money in this vague fashion may be banking, though it is not business. Of course, the first three lines could not be more informing. Why, then, is the last and largest item given in such a form that it is impossible to tell its value to a credit institution?

The proportion of total liquid assets to liabilities, 45·24, proves that the bank is not trading with too large a proportion of its deposits.

Advances are—

Bills discounted, Current Accounts, Loans &c.	£4,818,353

The ratio to liabilities is 72·91, a proportion the bank seems able to support without taxing its working resources unduly. Bills for collection are put down as £59,093, and have been deducted from £4,877,446, the amount given in the balance sheet as advances &c. Bills for collection are bills of exchange paid to customers' accounts for credit at maturity. They are usually due within four or five days or so, and the bank sends them to the places where they are domiciled, and credits the accounts when they are paid. £30,000 is invested in premises, and liability upon endorsements is given as £3,959.

Distributions, we can see from our list, have been fairly steady, and the bank has accumulated a dividend guarantee fund of £50,000, assumably for the purpose of equalising distributions. The following sum shows what price should be given for the shares in order to produce a probable average dividend of $4\frac{1}{2}$ per cent.:—

$$\frac{19\frac{1}{3} \times 2\frac{1}{2}}{4\frac{1}{2}} = 10\frac{20}{27}$$

No allowance has been made for the recent accretion to capital, which should tend to somewhat reduce the bank's

dividend-paying capacity. Naturally the adverse effect from a dividend point of view would be most felt when times are bad, and when loanable capital is cheap. The question is: If the bank distributed an average dividend of $19\frac{1}{3}$ per cent. on £450,000, what should it pay on £500,000? It would pay less: hence—

$$\frac{450,000 \times 19\frac{1}{3}}{500,000} = 17\tfrac{2}{5}\ \%$$

Purchased on a $4\frac{1}{2}$ per cent. basis we get—

$$\frac{17\frac{2}{5} \times 2\frac{1}{2}}{4\frac{1}{2}} = 9\tfrac{2}{3}$$

Remembering the dividend guarantee fund, the shares seem worth between £10 and £11, for it is hard to believe that a bank with a ratio of paid-up capital to liabilities of 10·59 will support 20 per cent., when the National Provincial, in this country, cannot perform the feat on 5·87.

CHAPTER IX.

PRIVATE BANKS IN THE UNITED KINGDOM (WHERE BALANCE SHEETS ARE ISSUED).

BACON, COBBOLD AND COMPANY.

Liabilities to the public are given as—

Deposits and Current Accounts	£803,952
Notes in circulation	10,080
Drafts, &c., on London Agents, outstanding	14,628
	£828,660

£112,546 represents cash in hand, at London agents, and at short notice, and shows a ratio per cent. to the above liabilities of 13·56. Money at short notice is included with cash, consequently one cannot tell the state of preparedness in which this firm is to meet its indebtedness to customers at a moment's notice. The proportion, however, seems somewhat small to meet the risks of credit-banking.

Investments are—

£110,000 $2\frac{3}{4}$% Consols at 96 (£26,500 hypothecated)	£105,600
Government of India Stocks, Bank of England Stock, Colonial Government Inscribed Stocks and Bonds, and Ipswich Corporation Stock... ...	77,841
British Railway Debenture and Preference Stocks, Indian and Canadian Railway Guaranteed Stocks, and other investments	62,486
	£245,927

BACON, COBBOLD AND COMPANY.

Head Office: IPSWICH.

Date.	Ratio % of Cash in hand and at Call to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Capital to Liabilities to the Public.	Ratio % Reserve to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.
1900. 31 Dec.	13·56	29·67	43·23	12·36	6·28	18·64	70·43

Partners' Capital - £102,500. Reserve and Balances - £52,114.

These give a ratio to liabilities of 29·67, and the ratio of total liquid assets, 43·23, proves that the bank is not trading with too large a proportion of its deposits.

Advances are—

Bills discounted, Current Accounts, and Loans	£583,644

The ratio to liabilities is 70·43—a proportion the firm seems able to support.

£41,156 is invested in premises.

BARNARD, THOMAS AND COMPANY.

Head Office: BEDFORD.

Date.	Ratio % of Cash in hand, at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Capital to Liabilities to the Public.	Ratio % Bills and Advances to Liabilities to the Public.
1900. 1 Oct.	28·22	48·31	76·53	24·97	48·43

Partners' Capital - £80,000.

Liabilities to the public are put down as—

Deposits and Current Accounts ...	£307,752
Notes in circulation	12,516
	£320,268

£90,380 represents cash in hand, with London agents, at call and short notice, and shows a ratio to the above liabilities of 28·22—a good proportion. However, one must know the exact amount of cash available at a moment's notice before one can tell the state of a bank's preparedness to meet its obligations, and the balance sheet does not supply this information.

Investments are—

British Government Securities (£16,354 hypothecated)	£66,429
Indian and Colonial Government Securities	52,299
Metropolitan Stock, City of London Bonds, and English Railway Debenture Stock	36,023
	£154,751

These show a ratio to liabilities of 48·31; and the proportion of total liquid assets, 76·53, is an excellent one. The bank, then, possesses £76·53 of liquid assets to meet each £100 of its indebtedness to customers—a very strong position.

Advances are—

Bills discounted, Current Accounts, and Loans	£155,135

The ratio to liabilities is 48·43, a proportion the firm can support with positive ease.

BECKETT & CO.

Head Office: LEEDS.

Date.	Ratio % of Cash in hand with Bankers and at Call to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Capital to Liabilities to the Public.	Ratio % Bills and Advances to Liabilities to the Public.
1900. 31 Dec.	24·20	27·90	52·10	11·65	53·23

Partners' Capital - £600,000.

Liabilities to the public are given as—

Deposits and Current Accounts, including Partners' Balances	£4,886,190
Notes in circulation	73,699
Drafts and Foreign Bills negotiated ...	188,112
	£5,148,001

£1,246,143 represents cash in hand, with Bank of England, Glyn & Co., and at call, and shows a ratio per cent. to the above liabilities of 24·20. We could have learned more had the firm specified cash in hand and call money separately.

Investments are—

Consols, War Loan, India Bills, New South Wales and Canadian Government Stock, Leeds Corporation, Indian Guaranteed Rails, English Railway Debenture Stock and Preference and Preferred Ordinary Stock	£1,321,585
English Railway Ordinary Stocks and other Securities	115,194
	£1,436,779

These, which are given in such a manner that it is difficult to tell their value to a credit bank, show a ratio to liabilities of 27·90. The proportion of total liquid assets, 52·10, proves that the bank is not trading with too large a proportion of its deposits.

Advances are—

Bills discounted	£423,151
Current Accounts	2,317,558
	£2,740,709

Here we find a ratio of 53·23, which confirms the above conclusions and shows us that the firm is trading well within the margin of safety. £136,256 is invested in premises. This balance sheet embraces all Messrs. Beckett's banks.

BERWICK, LECHMERE AND COMPANY.

Head Office: WORCESTER.

Date.	Ratio % of Cash in hand, at Call, and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Capital and Reserve to Liabilities to the Public.	Ratio % Bills and Advances to Liabilities to the Public.
1900. 31 Dec.	25·49	42·85	68·34	11·66	41·65

Capital and Reserve - £150,000.

Liabilities to the public are given as—

Deposits and Current Accounts	...	£1,275,452
Notes in circulation	...	10,290
		£1,285,742

£327,751 represents cash in hand, at agents, at call and short notice, and shows a ratio per cent. to the above liabilities of 25·49; but it is impossible to tell, from such a statement, the bank's state of preparedness to meet its liabilities on demand.

Investments are—

Consols (£130,000) India and Colonial Government Securities, English Corporation, and County Stocks, and British Railway Debenture Guaranteed and Preference Stocks (£21,700 stock hypothecated)	£455,967
Other Investments and Securities ...	95,043
	£551,010

These give a ratio to liabilities of 42·85; and the proportion of total liquid assets, 68·34, proves that the firm is not trading with too large a proportion of its deposits. Indeed, £68·34 of liquid assets to each £100 of the firm's liabilities to the public is a strong percentage.

Advances are—

Bills discounted, Current Accounts, and Loans, after making provision for bad and doubtful debts	£535,554

The ratio per cent. to liabilities is 41·65—a proportion the firm can support easily. £21,425 is invested in premises.

CHILD AND CO.

Liabilities to the public are stated as—

Deposits and Current Accounts ...	£2,364,285

£367,965 represents cash in hand and at the Bank of England, and shows a ratio to the above liabilities of 15·56—a good proportion.

Money at call and short notice is put down as £304,822, and the ratio will be found in the second division of the form on the next page.

CHILD AND CO.

Head Office: 1 FLEET STREET, LONDON, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.
1900 6 July	15·56	12·89	48·51	76·96	21·14	5·17	26·31	45·78

Capital - £500,000. Reserve Fund - £122,262.

Investments are—

Consols, Bank Stock, Metropolitan Stocks, and other approved Securities ... £1,147,010

These show a ratio per cent. to liabilities of 48·51; and even had the firm been a joint stock company it could hardly have made the entry less informing. The ratio of total liquid assets, 76·96, is an excellent one, and proves that the firm is trading prudently.

Advances are—

Loans to customers £1,082,549

Here we find a ratio per cent. to liabilities of 45·78—a proportion the firm can support easily. £84,200 is invested in premises.

COCKS, BIDDULPH AND COMPANY.

Office: 43 CHARING CROSS, LONDON, S.W.

Date.	Ratio % of Cash in hand, at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Capital and Reserve to Liabilities to the Public.	Ratio % Bills and Advances to Liabilities to the Public.
1901. 12 Jan.	44·30	30·88	75·18	22·14	41·41

Partners' Capital and Reserve - - £200,000.

COCKS, BIDDULPH AND COMPANY.

Liabilities to the public are given as—

Deposits and Current Accounts ...	£903,179

£400,114 represents cash in hand, at call, and at short notice, and shows a ratio to the above liabilities of 44·30—a large proportion. The fact, however, still remains that one cannot tell the exact state of preparedness of a bank to meet its indebtedness at a moment's notice from a conglomeration of this description.

Investments are—

Consols $2\frac{3}{4}$ % £100,000 at 91	£91,000
India Guaranteed Railway Debenture Stock, Colonial Inscribed Stocks, and Egyptian 3 % Guaranteed Bonds	87,060
Railway Stocks and other Securities ...	100,920
	£278,980

These give a ratio per cent. to liabilities of 30·88, and the proportion of total liquid assets, 75·18, shows that the bank has not locked up too much capital in advances to customers. Indeed £75·18 to each £100 of indebtedness is an excellent proportion.

Advances are—

Bills discounted and Current Accounts...	£374,085

Here we find a ratio to liabilities of 41·41—a percentage the firm can support easily. £50,000 is invested in premises.

COUTTS & CO.

Head Office: 59 STRAND, LONDON, W.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.
1901. 18 Jan.	8·44	18·39	37·67	64·50	7·87	5·24	13·11	48·60

A Joint Stock Company, with Unlimited Liability.

Partners' Capital - £600,000. Reserve - £400,000.

COUTTS & CO.

Liabilities to the public are given as—

Deposits and Current Accounts ...	£7,622,610

£643,601 represents cash in hand and at Bank of England, and shows a ratio per cent. to the above liabilities of 8·44, a proportion which seems inadequate to meet the risks of credit-banking.

Money at call and short notice is put down as £1,402,000, which gives a ratio of 18·39 to liabilities.

Investments are—

Consolidated $2\frac{3}{4}$ % Stock and Exchequer Bonds	£1,083,686
Local Loans and National War Loan (£200,000 hypothecated)	327,600
Indian Government Securities, Egyptian Guaranteed Bonds, Corporation Stocks, Railway Debenture Stocks and Bonds, and other Investments	1,460,512
	£2,871,798

These show a ratio to liabilities of 37·67, but it cannot be said that the last item is very informing. The ratio of total liquid assets to liabilities, 64·50, is a strong one, and proves that the bank is not trading with too large a proportion of its deposits, though it is evident that an accretion to actual cash in hand would greatly strengthen its position.

Advances are—

Bills discounted and Loans	£3,705,210

The ratio per cent. to liabilities is 48·60—a proportion the bank can quite well support, and, at the same time, safeguard the interests of its customers.

COX & CO.

Office: 16 CHARING CROSS, LONDON.

Date.	Ratio % of Cash in hand and with Bankers to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Capital and Reserve to Liabilities to the Public.	Ratio % Bills and Advances to Liabilities to the Public.
1900. 9 October.	13·10	22·95	33·17	69·22	10·31	37·58

Capital and Reserve - £400,000.

COX & CO.

Liabilities to the public are given as—

Deposits and Current Accounts ...	£3,876,987
Circular notes	870
	£3,877,857

£508,239 represents cash in hand and with bankers, and shows a ratio per cent. to the above liabilities of 13·10—a very fair proportion.

Money at call and short notice is put down as £890,000, and the proportion will be found in the second division of the form on the preceding page.

Investments are—

Consols $2\frac{3}{4}$ % £700,000 at 95	£665,000
English and Indian Guaranteed Railway Debentures and Debenture Stocks	275,075
National War Loan, Metropolitan, Corporation, and Colonial Stocks ...	346,450
	£1,286,525

These give a ratio to liabilities of 33·17, and the proportion of total liquid assets, 69·22, shows that the firm is trading well within the margin of safety. The balance sheet is well compiled, and a firm which possesses £69·22 in liquid assets to meet each £100 of its indebtedness to the public, is evidently well prepared to deal with those accidents which threaten credit-banking.

Advances are—

Current Accounts	£1,457,652

The ratio per cent. to liabilities is 37·58—a proportion the bank can support quite easily. £135,440 is invested in premises.

EYTON, BURTON, LLOYD & CO.

Head Office: SHREWSBURY.

Date.	Ratio % of Cash in hand and with Bankers to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Raito % Capital and Reserve to Liabilities to the Public.	Ratio % Bills and Advances to Liabilities to the Public.
1900. 29 Sept.	11·19	34·87	46·06	13·47	65·24

Capital and Reserve Fund - £80,000.

Liabilities to the public are given as—

Current Accounts	£356,802
Deposit Accounts	236,826
	£593,628

£66,430 represents cash in hand and with agents, and shows a ratio to the above liabilities of 11·19. Cash with agents, assumably, is on demand; but the proportion, though a fair one, seems none too large.

Investments are—

Consols, India and Colonial Stocks, Corporation Bonds, Railway Debenture, Guaranteed, Preference, and other Stocks	£193,261
Other Securities	13,758
	£207,019

These give a ratio to liabilities of 34·87, but the statement is so compiled that it is impossible to tell the value of these assets to a credit bank. Had the firm stated its holdings in securities of and guaranteed by the British Government

separately, a better idea of its strength could have been formed. The proportion of total liquid assets, 46·06, proves that the firm has not advanced too much money to customers.

Advances are—

Bills discounted, Current Accounts, and Loans	£387,302

The ratio to liabilities is 65·24—a proportion the bank can afford to support. £12,875 is locked up in premises.

GLYN, MILLS, CURRIE & CO.

Liabilities to the public are given as—

Current Accounts	£9,756,553
Deposit Accounts	4,241,514
	£13,998,067

£1,663,449 represents cash in hand and at Bank of England, and shows a ratio per cent. to the above liabilities of 11·88, which, though a fair proportion, seems too small for a credit institution holding large balances that may be withdrawn at any moment.

Money at call is put down as £2,012,000, and the ratio will be found in the second division of our form.

Investments are—

Consols $2\frac{3}{4}$ % (£1,666,666 13s. 4d. at 90)	£1,500,000
Securities of or guaranteed by the British Government...	1,165,053
Government of India and Colonial Government Securities	195,700
Securities of the London County Council	232,050
	£3,092,803

GLYN, MILLS, CURRIE & CO.

Head Office: 67 LOMBARD STREET, LONDON, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Funds to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.
1901. 31 Jan.	11·88	14·37	22·09	48·34	7·14	4·0	11·14	61·50

A Joint Stock Company with Unlimited Liability.

Paid-up Capital - £1,000,000. Reserve Funds - £560,000.

These give a ratio to liabilities of 22·09; and the proportion of total liquid assets, 48·34, proves that the bank has not locked up too much capital in advances to customers. Moreover, the balance sheet, as we are informed, does exhibit a correct view of the bank's affairs; and it is evident that the list of securities is compiled with a true sense of proportion of the relative value of the various assets to the wants of a credit bank.

Advances are—

Bills discounted and Loans £8,609,816

The ratio to liabilities is 61·50, a proportion the bank seems able to support. £180,000 is invested in premises.

HAMMOND, PLUMPTRE, HILTON, McMASTER AND FURLEY.

Offices: CANTERBURY, RAMSGATE, AND WHITSTABLE.

Date.	Ratio % of Cash in hand with Agents and at Call to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Capital and Reserve to Liabilities to the Public.	Ratio % Bills and Advances to Liabilities to the Public.
1900. 31 Dec.	12·78	38·56	51·34	14·53	58·70

Partners' Capital and Reserve - £100,000.

Liabilities to the public are given as—

Deposits and Current Accounts	£671,320
Notes in Circulation	6,575
Drafts &c. on London Agents	9,979
	£687,874

£87,924 represents cash in hand, with London agents, and at call, and shows a ratio to the above liabilities of 12·78. Did this asset consist of actual cash (legal tender) it would be none too large to hold in hand as an insurance fund against accidents, but seeing that it is a cash-and-call-money mixture the proportion seems rather small.

Investments are—

£100,000 $2\frac{3}{4}$ % Consols at 94	£94,000
India Stock, Colonial Government Inscribed Stocks and Bonds, Bank of England Stock, and Metropolitan Board of Works and other English Corporation Stocks	111,237
English Railway Stock, Foreign Railway Guaranteed Bonds, Canadian Railway Debenture Bonds, Foreign Government and United States Railway Gold Bonds, Trust, Debenture and Preference Stocks, and Canterbury Gas and Water Company Stock	60,009
	£265,246

These give a ratio per cent. to liabilities of 38·56; and the proportion of total liquid assets to liabilities, 51·34, proves that the firm is not trading with too large a proportion of its deposits.

Advances are—

Bills discounted, Current Accounts, and Loans	£403,788

The ratio to liabilities is 58·70—a proportion the bank can support comfortably.

£30,915 is invested in premises and other freehold property.

CHARLES HOARE & CO.

Head Office: 37 FLEET STREET, LONDON, E.C.

Date.	Ratio % of Cash in hand and with Bankers to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Capital and Reserve to Liabilities to the Public.	Ratio % Bills and Advances to Liabilities to the Public
1900. 6 July.	12·66	15·83	41·48	69·97	15·44	42·20

Capital and Reserve - £475,000.

CHARLES HOARE & CO.

Liabilities to the public are given as—

Current Accounts...	£2,441,474
Deposit Accounts	634,401
	£3,075,875

£389,698 represents cash in hand and with bankers, and shows a ratio to the above liabilities of 12·66.

Money at call and short notice is put down as £487,000, and the ratio will be found in the second division of our form.

Investments are—

£300,000 Consols at 94	£282,000
£100,000 National War Loan ($43\frac{1}{2}$ % paid)	43,500
India $2\frac{1}{2}$ % (£100,000), Bank Stock, New River, and other Debenture Stocks, and sundry Securities	950,580
	£1,276,080

These give a ratio per cent. to liabilities of 41·48; and total liquid assets' proportion is 69·97. The firm, then, possesses £69·97 of liquid assets to meet each £100 of its indebtedness to customers, and it need hardly be remarked that its position is a very strong one.

Advances are—

Bills discounted, Current Accounts, and Loans	£1,298,096

The ratio to liabilities is 42·20, which confirms the above conclusions. £100,000 is invested in freeholds.

HODGKIN, BARNETT, PEASE, SPENCE & CO.

Head Office: NEWCASTLE-UPON-TYNE.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Capital to Liabilities to the Public.	Ratio % Bills and Advances to Liabilities to the Public.
1900. 31 Dec.	12·48	15·15	23·00	50·63	9·53	56·26

Partners' Capital - - - - £350,000.

HODGKIN, BARNETT, PEASE, SPENCE & CO.

Liabilities to the public are given as—

Deposits and Current Accounts ...	£3,572,865
Sundry Accounts, including drafts on London Agents, Rebate, and other Funds	98,730
	£3,671,595

£458,430 represents cash in hand, at Bank of England, and at London agents, &c., and shows a ratio per cent. to the above liabilities of 12·48.

Money at call and short notice is put down as £556,451, and gives a ratio of 15·15.

Investments are—

Consols, English Railway Debentures, Preference and Ordinary Stocks, Corporation and Colonial and Indian Government Securities	£797,442
Other Investments and Securities ...	47,230
	£844,672

These show a ratio per cent. to liabilities of 23; but the various assets are stated without any sense of proportion, and consequently one cannot form a correct opinion of the value of this total to a bank during a period of depression and distrust. The ratio of total liquid assets, 50·63, proves that the bank is not trading with too large a proportion of its deposits.

Advances are—

Bills discounted	£608,821
Current Accounts	1,457,057
	£2,065,878

The ratio to liabilities is 56·26, a proportion the firm can quite well support. £96,161 is invested in premises.

DAVID JONES & CO.

Head Office: LLANDOVERY.

Date.	Ratio % of Cash in hand and Consols to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Capital to Liabilities to the Public.	Ratio % Bills and Advances to Liabilities to the Public.
1900. 31 Dec.	15·05	30·03	45·08	28·20	76·56

Capital - £100,000.

DAVID JONES & CO.

Liabilities to the public are given as—

Deposits and Current Accounts &c. ...	£343,121
Notes in circulation	11,372
	£354,493

£53,353 represents cash in hand and invested in Consols at 95, and shows a ratio to the above liabilities of 15·05. Such a statement has the merit of originality, but why cash and Consols should be lumped together in a balance sheet, which, assumably, is intended to show the state of preparedness in which a bank was to meet its liabilities on demand at a given date, must be explained by those who audit bank balance sheets, for the answer is quite beyond a mere outsider. The auditor might argue that he would much rather have £100 of Consols at 95 than ninety-five sovereigns, and that, therefore, the entry is quite in order, and gives

a correct "view" of a bank's affairs. But Consols are not legal tender; and even an auditor cannot compel a creditor to accept them in settlement of a claim. Neither can a bank. It has, strange to say, to sell them, and then to discharge its debts with the proceeds. Now, a banker's balance sheet ought to give, if it be published for the purpose of showing its customers its state of preparedness to meet its liabilities on demand at a certain date, the exact amount of "legal tender" it has in hand for the purpose; and if it fail to do this, then the statement is lacking in an essential particular, because cash—the actual cash in hand—is the foundation-stone upon which a credit bank rests, and one naturally looks at the vital asset first, and then at its Government securities, which are always saleable at a price. In plain language, one wants to know the amount of legal tender in the safes, and then the nature of those assets by which, under normal conditions, the said safes can be replenished in case of need, and unless this information be furnished in the balance sheet there must always be a doubt as to the state of a bank's preparedness to meet its indebtedness to customers on demand.

Investments are—

British Railway Guaranteed Preference and Ordinary Stocks and Colonial Government Inscribed Stocks and other Securities	£103,037
Foreign Bonds and Debenture Stock, and Fully Paid Shares of Public Companies	3,436
	£106,473

It cannot be said that these items are very informing. The ratio per cent. to liabilities is 30·03, and total liquid

assets' proportion, 45·08, proves that the bank is not trading with too large a proportion of its deposits.

Advances are—

Bills discounted and Current Accounts, after providing for Bad and Doubtful Debts	£229,405
Loans on mortgage of Freehold and other Property	42,028
	£271,433

These give a ratio per cent. to liabilities of 76·56, a proportion the firm is well able to support, for its liquid assets are plentiful, though the balance sheet does not particularise them in such a manner that its position is at once apparent.

£22,231 is invested in freehold estate and premises.

LAMBTON AND CO.

Liabilities to the public are given as—

Current, Deposit, and other Accounts ...	£4,910,164

Cash is thus described—

At Head Office and Branches	315,634
With Bank of England, Barclay & Co., and other banks	244,708
	£560,342

This total shows a ratio to the above liabilities of 11·41. £401,813 is described as money in London at call and short notice, and the ratio will be found in the second division of our form.

LAMBTON AND CO.,

Head Office: NEWCASTLE-UPON-TYNE.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Capital and Reserve to Liabilities to the Public.	Ratio % Bills and Advances to Liabilities to the Public.
1900. 31 Dec.	11·41	8·18	41·39	60·98	14·73	51·92

Partners' Capital, Current Accounts, and Reserve - - £723,575.

Investments are—

£537,635 Consols and $2\frac{1}{2}$ % Stock at 93	£500,000
Securities of or guaranteed by the Governments of India and British Colonies, English Municipal Corporation Stock, and Debenture, Preference, and Ordinary Stocks of English and Foreign Railways ...	1,414,744
Other Investments	117,930
	£2,032,674

These show a ratio to liabilities of 41·39, and the proportion of total liquid assets, 60·98, proves that the firm is trading well within the margin of safety.

Advances are—

Bills discounted and Current Accounts £2,549,805

The ratio to liabilities is 51·92—a proportion the firm can support, and at the same time hold £60·98 of liquid assets against each £100 of its indebtedness to customers. Here we get another illustration of the fact that a strong bank takes care to publish a lucid balance sheet.

£89,102 is invested in premises, and liability upon acceptances is put down at £5,385.

ROBARTS, LUBBOCK AND CO.

Liabilities to the public are given as—

Current and Deposit Accounts £3,325,059

£728,088 represents cash in hand and at Bank of England, and shows a ratio of 21·89 to the above liabilities—an excellent proportion.

Money at call and short notice is put down as £616,450, and gives a ratio to liabilities of 18·53.

ROBARTS, LUBBOCK AND CO.

Head Office: 15 LOMBARD STREET, LONDON, E.C.

Date.	Ratio % of Cash in hand and with Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Capital and Reserve to Liabilities to the Public.	Ratio % Bills and Advances to Liabilities to the Public.
1901. 31 Jan.	21·89	18·53	21·22	61·64	15·03	49·47

Paid-up Capital and Reserve Fund - £500,000.

Investments are—

Consols, $2\frac{3}{4}$%, £400,000 at 95	£380,000
National War Loan, £100,000 at 95 ...	95,000
Indian and Colonial Government Securities and English Corporation Stocks	57,667
English Railway Debentures and Preference Stocks and other Investments	173,131
	£705,798

These give a ratio per cent. to liabilities of 21·22, and the proportion of total liquid assets, 61·64, proves that the firm is well prepared to meet those accidents to which credit banking is exposed. The bank, on the 31st January last, possessed £61·64 of liquid assets to meet each £100 of its indebtedness to the public.

Advances are—

Bills discounted, Current Accounts, and Loans	£1,644,975

The ratio here to liabilities is 49·47.

£129,746 is invested in premises, and liability upon acceptances is given as £60,271.

JOHN AND CHARLES SIMONDS AND CO.

Liabilities to the public are stated as—

Deposits and Current Accounts ...	£695,723
Notes in circulation	8,705
Drafts on London Agents, Rebate, and other Accounts	13,889
	£718,317

£103,099 represents cash in hand, at call, with London agents and other banks, and gives a ratio per cent. to the above liabilities of 14·35.

JOHN AND CHARLES SIMONDS & CO.

Head Office: READING.

Date.	Ratio % of Cash in hand and with Bankers to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Capital to Liabilities to the Public.	Ratio % Bills and Advances to Liabilities to the Public.
1901. 31 Jan.	14·35	13·92	31·01	59·28	13·92	50·19

Partners' Capital - £100,000.

Money at three days' notice is put down as £100,000, and the ratio will be found in the second division of our form.

Investments are—

British Government Securities: Consols, Local Loans, and National War Loan (£1,000 Consols hypothecated)	£95,000
Indian and Colonial Government Securities and London Corporation Bonds and Stock	108,330
Other Securities	19,424
	£222,754

These give a ratio to liabilities of 31·01, and the proportion of total liquid assets, 59·28, proves that the bank is trading prudently.

Advances are—

Bills discounted, Current Accounts, and Loans	£360,544

Here we find a ratio of 50·19, which the bank can support, and at the same time hold £59·28 of liquid assets to meet each £100 of its public liabilities—a strong position.

£31,918 is invested in premises.

SMITH, PAYNE AND SMITHS,

Office: 1 LOMBARD STREET, E.C.

Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Total Liquid Assets.	Ratio % Capital and Reserve to Liabilities to the Public.	Ratio % Bills and Advances to Liabilities to the Public.
1900. 30 June	20·72	40·94	61·66	17·50	49·98

Partners' Capital and Reserve - £705,375.

SMITH, PAYNE AND SMITHS.

Liabilities to the public are given as—

Current, Deposit, and other Accounts... £4,028,864

£835,055 represents cash in hand and at the Bank of England, and shows a ratio to the above liabilities of 20·72—an excellent proportion.

Investments are—

£742,500 $2\frac{3}{4}$ % Consols at 95	£705,375
£450,000 $2\frac{3}{4}$ % Consols at 95	427,500
Colonial and other Investments	516,669
	£1,649,544

These give a ratio per cent. to liabilities of 40·94, and the proportion of total liquid assets, 61·66, proves that the firm is well prepared to deal with the exigencies of credit banking. It is, perhaps, worthy of notice that this firm possesses £48·84 in cash and Consols to each £100 of its indebtedness to customers, and it could probably meet a larger drain upon its resources, without extraneous help, than any other bank referred to in these pages.

Advances are—

Bills discounted, Current Accounts, and Loans £2,013,639

Here we find a ratio per cent. to liabilities of 49·98—a proportion the firm can support quite easily, for it possesses £61·66 of liquid assets with which to protect each £100 of its liabilities to the public.

£236,000 is invested in premises and property adjoining, and the firm's liability upon acceptances is put down as £340,978.

COMPARATIVE TABLE.—ENGLISH AND WELSH JOINT STOCK BANKS.

Banks.	Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Ratio % of Total Liquid Assets to Liabilities.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
										£
Bank of Liverpool ...	June, 1900	4·66	14·24	13·92	32·82	8·62	5·28	13·90	79·83	7,000,000
Bank of Whitehaven	Dec., 1900	8·04	—	69·11	77·15	17·72	17·08	34·80	57·00	197,060
Barclay & Co.	Dec., 1900	14·09	11·34	26·89	52·32	7·04	2·91	9·95	54·62	3,625,200
Baring Brothers & Co.	Dec., 1900	—	27·44	17·09	44·53	12·26	1·19	13·45	68·39	—
Birkbeck Bank	Mar., 1900	7·86	—	92·96	100·82	10·52	5·41	15·93	9·29	—
Birm. Dist. & Cnties.	Dec., 1900	13·62	—	19·42	33·04	12·32	9·26	21·58	83·92	2,450,000
Bolitho, Williams & Co.	Dec., 1900	—	11·36	37·88	49·24	5·41	5·46	10·87	60·44	1,200,000
*Bradford Banking Co.	Dec., 1900	—	20·71	12·79	33·50	18·24	7·82	26·06	93·53	952,000
*Bradford Commercial	Dec., 1900	—	44·03	5·68	49·71	16·49	6·34	22·83	73·27	975,000
*Bradford District ...	Dec., 1900	—	—	51·71	51·71	22·36	13·16	35·52	81·92	516,000
Bradford Old Bank ...	Dec., 1900	13·00	—	16·35	29·35	18·25	6·57	24·82	94·03	750,000
British Mutual B. Co.	Dec., 1900	11·38	—	9·38	20·76	9·77	6·56	16·33	94·95	97,920
Bucks & Oxon Union	Dec., 1900	—	11·76	47·84	59·60	7·40	3·65	11·05	49·20	320,000
Capital and Counties	June, 1900	15·05	9·56	24·10	48·71	4·70	3·52	8·22	57·53	4,000,000
*Carlisle & Cumberland	Dec., 1900	—	8·48	17·40	25·88	10·69	9·08	19·77	92·88	300,000
Cornish Bank	Dec., 1900	8·47	—	44·04	52·51	10·16	13·16	23·32	69·72	349,400
Craven Bank	Dec., 1900	15·04	—	10·35	25·39	6·74	4·49	11·23	83·86	690,000

* Bills included with Liquid Assets.

Banks.	Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notices to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Ratio % of Total Liquid Assets to Liabilities.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
										£
Crompton & Evan's ...	Dec., 1900	—	18·52	19·67	38·19	5·59	5·93	11·52	71·14	1,000,000
Cumberland Union ...	Dec., 1900	11·73	—	27·32	39·05	11·55	7·39	18·94	75·09	350,000
Devon and Cornwall...	Dec., 1900	—	11·95	41·73	53·68	5·26	6·16	11·42	56·07	1,031,250
Grant & Maddison's ...	June, 1900	—	20·67	38·19	58·86	17·30	6·02	23·32	58·58	238,000
*Guernsey Banking Co.	June, 1900	—	9·47	16·25	25·72	19·13	13·42	32·55	110·24	200,000
Halifax & Huddersfld.	Dec., 1900	—	8·94	8·24	17·18	20·83	6·94	27·77	110·20	900,000
Halifax Commercial	June, 1900	—	19·52	12·34	31·86	17·23	8·61	25·84	93·86	200,000
Halifax Joint Stock ...	Dec., 1900	—	15·79	8·92	24·71	9·53	9·69	19·22	94·47	450,000
Internat. B. of London	Dec., 1900	—	7·38	·91	8·29	13·47	·89	14·36	107·18	100,000
Isle of Man Bank. Co.	Dec., 1900	15·44	—	43·35	58·79	3·25	4·77	8·02	47·66	120,000
Lancashire & Yorks.	Dec., 1900	—	18·15	9·71	27·86	10·69	6·95	17·64	86·95	600,000
Lancaster Banking Co.	Dec., 1900	10·29	8·70	22·29	41·28	5·85	5·80	11·65	68·83	1,622,500
Lincoln & Lindsey ...	June, 1900	4·30	3·16	25·68	33·14	10·82	17·60	28·42	92·89	260,000
Lloyds Bank	Dec., 1900	16·04	7·64	19·91	43·59	5·54	3·69	9·23	63·48	14,952,000
London & County ...	Dec., 1900	18·54	6·49	23·11	48·14	4·41	3·31	7·72	59·35	6,000,000
London & Provincial	Dec., 1900	14·82	5·08	28·54	48·44	5·92	9·01	14·93	66·07	700,000
London & Sth.-West.	Dec., 1900	14·41	5·18	27·82	47·41	6·75	5·57	12·32	60·28	1,200,000
London & Westminster	Dec., 1900	15·62	22·26	15·24	53·12	10·40	5·94	16·34	61·51	11,200,000

* Bills included with Liquid Assets.

BANKS.	Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notices to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Ratio % of Total Liquid Assets to Liabilities.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
										£
London & Yorkshire	Dec., 1900	22·45	9·23	26·33	58·01	11·22	8·11	19·33	59·79	910,000
London City & Midland	Dec., 1900	18·48	16·00	14·71	49·19	6·66	6·66	13·32	63·13	9,588,255
*London Joint Stock	Dec., 1900	14·73	—	17·99	32·72	10·48	6·99	17·47	83·40	10,200,000
Manchester & County	Dec., 1900	—	24·50	12·42	36·92	9·28	9·88	19·16	81·70	4,586,568
Manchs. & Liverpl. Dst.	Dec., 1900	11·86	11·13	16·45	39·44	6·70	9·36	16·06	75·88	6,375,000
Martin's Bank	Dec., 1900	25·07	15·12	8·97	49·16	16·73	3·34	20·07	65·69	500,000
Mercantile B. of Lancs.	Dec., 1900	—	17·69	19·21	36·90	22·53	7·06	29·59	83·52	760,800
Merchant Banking Co.	Dec., 1900	—	13·88	4·27	18·15	24·20	·80	25·00	106·84	375,000
Metropolitan Bank ...	Dec., 1900	9·19	18·77	15·00	42·96	6·32	4·42	10·74	64·36	4,500,000
Midland Counties ...	Dec., 1900	13·25	—	8·56	21·81	13·86	3·11	16·97	90·76	610,625
Nat. Prov. B. of Engl.	Dec., 1900	14·48	8·16	31·81	54·45	5·87	4·45	10·32	55·00	12,900,000
Northamptonshire Un.	Dec., 1900	9·03	—	27·19	36·22	16·04	13·08	29·12	91·22	684,000
North & South Wales	Dec., 1900	—	24·42	17·10	41·52	6·40	4·26	10·66	65·57	1,800,000
North-Eastern B. Co.	Dec., 1900	16·29	—	29·84	46·13	8·62	3·82	12·44	64·70	749,000
Nottingham & Notts.	Dec., 1900	—	10·70	26·08	36·78	9·97	2·57	12·54	72·58	900,000
Nottingham Jt. Stock	Dec., 1900	—	14·88	19·48	34·36	10·28	8·54	18·82	83·49	800,000
Pares's Leicestershire	Dec., 1900	—	23·20	15·12	38·32	17·65	9·32	26·97	88·51	650,000
Parr's Bank	Dec., 1900	16·95	14·02	12·62	43·59	5·97	5·97	11·94	66·83	5,854,000

* Money at Call with Advances.

Banks.	Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notices to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Ratio % of Total Liquid Assets to Liabilities.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
										£
Prescott, Dimsd. & Co.	Jan., 1901	16·42	23·76	16·48	56·66	8·01	4·00	12·01	53·36	866,796
Sheffield & Hallamsh.	June, 1900	—	12·22	14·39	26·61	17·61	12·21	29·82	102·10	900,000
Sheffield & Rotherham	Dec., 1900	—	21·39	22·68	44·07	10·00	9·56	19·56	75·46	1,344,000
Sheffield Banking Co.	Dec., 1900	—	26·73	13·42	40·15	9·40	5·39	14·79	73·78	621,075
Sheffield Union... ...	June, 1900	—	11·89	19·23	31·12	13·82	4·99	18·81	86·25	540,000
Stamf., Spald. & Bost.	Dec., 1900	10·87	4·40	18·69	33·96	9·61	4·11	13·72	77·62	589,180
Stuckey's Banking Co.	Dec., 1900	5·96	7·56	65·26	78 78	6·17	5·37	11·54	32·06	1,632,000
Union Bank of London	Dec., 1900	20·79	18·59	16·39	55·77	9·26	4·61	13·87	55·92	9,295,000
Un. B. of Manchester	June, 1900	—	13·89	4·10	17·99	13·11	8·93	22·04	100·50	700,000
Wakefield & Barnsley	Dec., 1900	—	12·87	13·11	25·98	11·98	11·98	23·96	98·40	365,000
West Riding Union ...	Dec., 1900	—	14·39	25·38	39·77	15·53	3·17	18·70	76·27	1,264,240
Whitehaven Jt. Stock	June, 1900	8·04	—	37·76	45·80	8·65	8·65	17·30	70·14	340,850
Willms. Deac. & M. & S.	Dec., 1900	15·99	10·74	18·00	44·73	8·10	4·65	12·75	66·42	5,250,000
Wilts & Dorset B. Co.	Dec., 1900	—	12·09	44·62	56·71	6·62	7·64	14·26	56·83	2,600,000
York City & County	Dec., 1900	—	20·45	11·85	32·30	7·86	9·88	17·74	82·76	1,680,000
Yorkshire Banking Co.	Dec., 1900	—	13·22	25·50	38·72	7·53	6·53	14·06	73·74	1,125,000
York Union	Dec., 1900	8·54	13·16	20·34	42·04	7·43	6·00	13·43	70·16	997,500

COMPARATIVE TABLE.—SCOTCH JOINT STOCK BANKS.

Banks.	Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Ratio % of Total Liquid Assets to Liabilities.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
										£
Bank of Scotland ...	Feb., 1900	8·42	—	42·64	51·06	7·37	4·27	11·64	57·45	625,000
British Linen Co. ...	Apr., 1900	—	19·38	27·34	46·72	8·62	11·03	19·65	71·24	—
Caledonian Bank. Co.	June, 1900	8·44	14·50	24·75	47·69	12·05	5.70	17·75	65·22	600,000
Clydesdale Bank ...	Dec., 1900	12·92	—	47·02	59·94	7·42	4·30	11·72	50·00	4,000,000
Commercial B. of Scot.	Oct., 1900	11·62	14·65	22·11	48·38	6·36	6·36	12·72	61·91	4,000,000
National B. of Scotland	Nov., 1900	9·32	25·55	19·67	54·54	5·94	5·94	11·88	56·04	4,000,000
North of Scotland ...	Sep., 1900	15·51	—	25·95	41·46	8·91	3·00	11·91	66·92	1,600,000
Royal B. of Scotland	Oct., 1900	9·81	16·61	19·57	45·99	12·82	5·41	18·23	69·30	—
Town and County ...	Jan., 1901	17·49	—	30·06	47·55	7·81	4·65	12·46	63·21	1,008,000
Union of Scotland ...	Apr., 1900	12·43	21·57	19·16	53·16	7·17	4·48	11·65	57·45	4,000,000

COMPARATIVE TABLE.—IRISH JOINT STOCK BANKS.

Banks.	Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Ratio % of Total Liquid Assets to Liabilities.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.	Uncalled Capital.
										£
Bank of Ireland ...	Dec., 1900	8·02	10·09	59·60	77·71	19·41	7·24	26·65	49·47	—
Belfast Banking Co.	July, 1900	16·23	—	25·58	41·81	8·84	8·84	17·68	75·89	1,600,000
Hibernian Bank ...	Dec., 1900	12·64	—	13·69	26·33	17·05	3·07	20·12	91·26	1,500,000
Munster and Leinster	Dec., 1900	—	28·65	19·42	48·07	5·25	5·45	10·70	61·54	300,000
National Bank	Dec., 1900	13·57	20·79	12·12	46·48	12·03	3·57	15·60	67·55	6,000,000
Northern Banking Co.	Aug., 1900	19·86	—	26·22	46·08	12·06	7·23	19·29	72·32	2,000,000
Provincial B. of Ireland	Dec., 1900	8·56	16·56	27·16	52·28	9·77	5·57	15·34	62·02	3,540,000
Royal Bank of Ireland	Aug., 1900	10·23	—	53·45	63·68	15·24	10·16	25·40	63·71	1,200,000
Ulster Bank	Aug., 1900	18·50	—	26·74	45·24	7·56	10·59	18·15	72·91	2,500,000

COMPARATIVE TABLE.—PRIVATE BANKS.

Banks.	Date.	Ratio % of Cash in hand and at Bank of England to Liabilities to the Public.	Ratio % of Money at Call and Notice to Liabilities to the Public.	Ratio % of Investments to Liabilities to the Public.	Ratio % of Total Liquid Assets to Liabilities.	Ratio % Paid-up Capital to Liabilities to the Public.	Ratio % Reserve Fund to Liabilities to the Public.	Total Working Capital.	Ratio % Bills and Advances to Liabilities to the Public.
Bacon, Cobbold & Co.	Dec., 1900	—	13·56	29·67	43·23	12·36	6·28	18·64	70·43
Barnard, Thomas & Co.	Oct., 1900	—	28·22	48·31	76·53	24·97	—	21·97	48·43
Beckett & Co.	Dec., 1900	—	24·20	27·90	52·10	11·65	—	14·65	53·23
Berwick, Lechmere & Co. ...	Dec., 1900	—	25·49	42·85	68·34	11·66	—	11·66	41·65
Child & Co.	July, 1900	15·56	12·89	48·51	76·96	21·14	5·17	26·31	45·78
Cocks, Biddulph & Co.	Jan., 1901	—	44·30	30·88	75·18	22·14	—	22·14	41·41
Coutts & Co.	Jan., 1901	8·44	18·39	37·67	64·50	7·87	5·24	13·11	48·60
Cox & Co....	Oct., 1900	13·10	22·95	33·17	69·22	10·31	—	10·31	37·58
Eyton, Burton, Lloyd & Co. ...	Sep., 1900	11·19	—	34·87	46·06	13·47	—	13·47	65·24
Glyn, Mills, Currie & Co. ...	Jan., 1901	11·88	14·37	22·09	48·34	7·14	4·00	11·14	61·50
Hammond, Plumptre & Co. ...	Dec., 1900	—	12·78	38·56	51·34	14·53	—	14·53	58·70
Hoare, Charles & Co.	July, 1900	12·66	15·83	41·48	69·97	15·44	—	15·44	42·20
Hodgkin, Barnett & Co.... ...	Dec., 1900	12·48	15·15	23·00	50·63	9·53	—	9·53	56·26
Jones, David & Co.	Dec., 1900	—	15·05	30·03	45·08	28·20	—	28·20	76·56
Lambton & Co.	Dec., 1900	11·41	8·18	41·39	60·98	14·73	—	14·73	51·92
Robarts, Lubbock & Co.... ...	Jan., 1901	21·89	18·53	21·22	61·64	15·03	—	15·03	49·47
Simonds, John & Charles & Co.	Jan., 1901	14·35	13·92	31·01	59·28	13·92	—	13·92	50·19
Smith, Payne & Smiths	June 1900	20·72	—	40·94	61·66	17·50	—	17·50	49·98

A List of New Law Books and New Editions

PUBLISHED BY

JORDAN & SONS, LIMITED.

Twenty-third Edition. Price 5s.; by Post 5s. 6d.

A HANDY BOOK on the FORMATION, MANAGEMENT, and WINDING UP of JOINT STOCK COMPANIES. By F. GORE-BROWNE, M.A., of the Inner Temple, Barrister-at-Law, Author of "Concise Precedents under The Companies Acts," and WILLIAM JORDAN, Company Registration and Parliamentary Agent.

The passing of The Companies Act, 1900, has rendered it necessary to issue a new Edition of this well-known work, in order that it shall continue to be (as it has been for many years) a trustworthy guide to Promoters, Solicitors, Directors, Secretaries, Auditors, Shareholders, and Creditors of Joint Stock Companies.

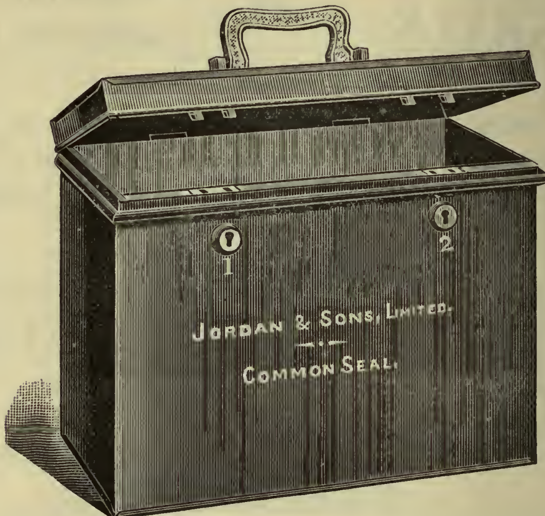
The new Act is by far the most important Statute relating to Joint Stock Companies passed since The Companies Act, 1862, came into operation, and there is scarcely a person officially connected with a company from its inception to its final winding up who will not be reached by some of its provisions or be liable in penalties for a breach of them. In this respect alone the Act (short as it is) creates no less than nine offences, punishable by fine or imprisonment, in addition to those created by the previous Statutes.

The additions necessary to set out the effect of the new legislation and of legal decisions given since the Twenty-second Edition went to press have involved a considerable enlargement of the book, but the price remains the same as hitherto, and it is believed that the volume is now both the most comprehensive and the cheapest hand-book on Company Law and Practice in existence.

JORDAN & SONS, LIMITED,

JAPANNED CASES

For Corporate and Company Seals.



These Cases are for the purpose of securing the Seals of Corporations and Companies from use by unauthorised persons, to keep the Seals free from dust, and to enable them to be easily carried from place to place. The Cases are fitted with two good lever locks, with duplicate keys to each, and are stocked in five sizes, at the following prices :—

No. 1.	No. 2.	No. 2A.	No. 3.	No. 4.
($9 \times 3\frac{1}{2} \times 4\frac{3}{4}$)	($10\frac{1}{2} \times 4 \times 5\frac{1}{4}$)	($10 \times 4 \times 7\frac{1}{4}$)	($12 \times 4\frac{1}{2} \times 6$)	($13 \times 5\frac{1}{4} \times 7\frac{1}{4}$)
12/6	**15/-**	**15/-**	**17/6**	**20/-**

The sizes given are inside measurements. Other sizes made to order.

Lettering Case with name of Corporation or Company involves a small extra charge, according to length of name.

116 and 120 Chancery Lane, London, W.C.